SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS

# ANNUAL REPORT

Year ended March 31, 2015

# 2015



# SuMi TRUST



## Symbol Mark

The symbol mark features "Future Bloom" representing the vision of Sumitomo Mitsui Trust Group, which is "to generate new value through the combination of significant expertise and comprehensive capabilities, and to help the future of our clients and society bloom."

## Corporate Color

The corporate color is "Future Blue," which represents the integration of the sense of value that the symbol mark implies, and evokes the closeness and the future.

## Management Principles ("Mission")

(I) Swiftly provide comprehensive solutions to our clients by fully utilizing the significant expertise and comprehensive capabilities.

(II) Adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society.

(III) Strive to fulfill all shareholder expectations by creating distinct values through fusing the various functions featuring the trust bank group.

(IV) Offer a workplace where the diversity and creativity of its employees are more fully utilized to add value to the organization and where employees can have pride and be highly motivated in fulfilling their missions.

## Ideal Model ("Vision")
## —Towards "The Trust Bank"—

Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the Sumitomo Mitsui Trust Group will create distinct values by leveraging a new business model, combining its banking, asset management and administration, and real estate businesses, and will move onto the global stage as a leading trust bank group which boasts the largest and highest status in Japan.

## Codes of Conduct ("Value")

In order to pursue the Management Principles of the Sumitomo Mitsui Trust Group, the executives and employees commit themselves to comply with the six Codes of Conduct described below.

**Completely Client-oriented—Truthfulness and Loyalty**
We will adhere to the highest degree of "Truthfulness and Loyalty" as well as credibility and sureness, and will carry out all our responsibilities for client satisfaction and comfort as our top priority.

**Contribution to Society—Dedication and Development**
We will remain dedicated in all our efforts, with "Frontier Spirit," and continue to contribute to society.

**Realization of Organizational Capability—Trust and Creativity**
We will realize our organizational capabilities with full of mutual trust and creativity through improvement by mutual learning and continuous personal transformation of various people who share the enthusiasm for trust.

**Establishment of Individuality—Self-help and Self-discipline**
With a spirit of self-help and self-discipline as well as a sense of ownership, we will carry out our responsibilities.

**Strict Compliance with Applicable Laws and Regulations**
We will strictly comply with all applicable laws, rules and regulations, and will ensure that all our corporate activities meet the highest standards of social norms.

**Resolute Stance against Antisocial Forces**
We will continue to take a resolute stance against antisocial forces, which may threaten public order and the security of civil society.

# CONTENTS


## 3 Top Message

## 4 Top Interview

Chairman Tsunekage and President Kitamura answer questions about the progress of the midterm management plan, which started in FY2014, the strategies to deal with reforms of the tax system, the response to the Corporate Governance Code, etc.



## 8 Our Business Model Status of Group Businesses

## 9 Financial Highlights

## 13 Progress of Midterm Management Plan

## 14 Special Feature: The Challenge of Being "The Trust Bank"

In this special feature, we introduce the total solutions we offer as a specialized trust bank in both our retail and real estate businesses.





## 18 Comprehensive Capabilities of the Sumitomo Mitsui Trust Group

## 20 Topics

## 22 Initiatives for Strengthening Corporate Governance of the Sumitomo Mitsui Trust Group

## 23 Review of Operations:

- 23 Business Outline
- 24 Retail Financial Services Business
- 28 Wholesale Financial Services Business
- 33 Stock Transfer Agency Services Business
- 38 Real Estate Business
- 44 Fiduciary Services Business
- 52 Global Markets Business
- 54 Other Subsidiaries

## 55 Management Structure:

- 56 Corporate Governance, Internal Control
- 59 Compliance System
- 61 Client Protection Management
- 62 Risk Management
- 64 Capital Management
- 65 Information Disclosure System and Internal Auditing
- 66 Efforts to Enhance Customer Satisfaction
- 67 Initiatives to Facilitate Financing
- 69 CSR (Corporate Social Responsibility)

## 75 Corporate Data:

- 76 Sumitomo Mitsui Trust Holdings, Inc.
- 78 Sumitomo Mitsui Trust Bank, Limited

## 89 Financial and Capital Adequacy Ratio Related Data

## 427 Stock Information

## 428 Disclosure Policy

## 429 Corporate Information

## 429 Rating Information


### Website

- **Sumitomo Mitsui Trust Holdings, Inc.** http://www.smth.jp/en/
- **Sumitomo Mitsui Trust Bank, Limited** http://www.smtb.jp/tools/english/

# Top Message

**First, we would like to extend our heartfelt thanks to all stakeholders for your invaluable support.**

**We have compiled and hereby present our Annual Report for fiscal year 2014. We hope it proves useful to you.**



Kunitaro Kitamura
President

Hitoshi Tsunekage
Chairman

The Japanese economy stagnated during the first half of FY2014 due to a prolonged slump in personal consumption. But it recovered gradually during the second half amid improvement in exports and mining and manufacturing production.

Looking overseas, while geopolitical risks intensified as conflicts broke out in some regions, the U.S. economy continued a steady recovery, and on the other hand, the eurozone decided on quantitative easing measures amid growing concern about deflation.

In this environment, the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group"), as Japan's only independent trust bank group, which is formed around the core entity, Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank"), worked to steadily implement its business strategies and to reform its management system from a customer-oriented perspective. The SuMi TRUST Group provides significant expertise and comprehensive capabilities rooted in the fiduciary spirit.

Regarding consolidated financial results in FY2014, net business profit before credit costs increased by ¥30.8 billion year on year to ¥316.7 billion. Net income also grew, by ¥21.9 billion to ¥159.6 billion.

Furthermore, both net business profit before credit costs and net income exceeded initial targets. The former primarily saw increases in net interest income and related profit and net fees and commissions and related profit. The latter expanded due to the posting of a reversal of allowance for loan losses, etc.

The SuMi TRUST Group will continue to adequately and swiftly meet clients' needs by providing total solutions that are unique to a trust bank group and are distinctive strengths of the SuMi TRUST Group. We will also work to reinforce corporate governance and achieve sustainable growth.

We sincerely ask for your ongoing support in this endeavor.

July 2015

Chairman Hitoshi Tsunekage

President Kunitaro Kitamura

# Top Interview

## Providing total solutions that are "unique to a trust bank group" and "distinctive strengths of the SuMi TRUST Group"

**We at the SuMi TRUST Group seek to win an even greater level of trust from our clients and to further enhance our corporate value.**

### Question

**Can you give us an update on the Midterm Management Plan?**

During FY2014, the first year of the Midterm Management Plan "Challenge and Creation Three-year Plan" that was launched in light of the changes in the economic and financial environment in Japan and overseas, we made efforts to strengthen the fee-related business, which is not easily affected by the environment, and to expand the loan-related business. In addition, we developed businesses in new areas through stronger coordination across business sections and the SuMi TRUST Group. Those efforts are now paying off in the form of steady results.

For example, in the fee-related business we enhanced our consulting-based sales approach where we put the emphasis on "long-term, diversified and stable" investment management services focused on discretionary investment management products (wrap accounts) for individual clients. We worked on business succession proposals for clients such as business owners and asset administration companies. For clients such as financial institutions, we offered consulting on asset management needs and developed new management products.

In the loan-related business, we enhanced the lineup of housing loan services for individual clients with new products such as the "At-home Refinancing" service. For corporate clients, we expanded loans to local subsidiaries of Japanese companies in overseas markets where demand for funding is strong. We also developed businesses with non-Japanese companies and increased loans to them through cooperation with overseas financial institutions.

Furthermore, we endeavored to strengthen our ability to provide total solutions by collaborating across business sections and the SuMi TRUST Group. In addition, we worked to cooperate with overseas financial institutions in order to expand the products and services we are able to offer to meet the increasingly diversified needs of clients.



**Initiatives and Results of the First Year of "Challenge and Creation Three-year Plan"**

| Initiatives | Results |
|---|---|
| Strengthening the fee-related business | For individual clients:<br>Enhancement of a consulting-based sales approach with an emphasis on "long-term, diversified and stable" investment management<br>For business owners, asset administration companies:<br>Business succession proposals, etc.<br>For financial institutions, etc.:<br>Consulting on asset management needs, development of new management products |
| Expanding the loan-related business | For individual clients:<br>Enhancement of new products such as the "At-home Refinancing" service<br>For corporate clients:<br>Expansion of loans to Japanese companies overseas, development of business with and expansion of loans to non-Japanese companies overseas |
| Strengthening coordination across business sections and the SuMi TRUST Group | Enhancement of products and services, strengthening abilities to provide total solutions |

## Question

### Please tell us about your major initiatives for the next term.

**Major Initiatives for the Second Year of the Midterm Management Plan**

| Initiative 1 | Initiative 2 | Initiative 3 |
|---|---|---|
| Strengthening earning power of existing businesses and establishing SuMi TRUST Group's distinctive business model | Achieving both a strategic allocation of management resources and management efficiency by promotion of streamlining | Enhancing the financial base and refining the stance on risk management and compliance |

Since FY2015, the second year of the Midterm Management Plan, we have been working on the following three initiatives with a view to achieving even greater results.

The first initiative is to strengthen the earning power of existing businesses and to establish SuMi TRUST Group's distinctive business model. We will strengthen sales capabilities in terms of both quality and quantity through close coordination across business sections and the SuMi TRUST Group in existing businesses, while striving to improve the quality of products and services.

The second initiative is to achieve both a strategic allocation of management resources and management efficiency by promotion of streamlining. We will pursue an allocation of human resources to strategic areas to enable us to provide new, value-added services. Furthermore, considering the temporary increase in expenses due to the impact of integration costs, we will accelerate the demonstration of cost synergies from streamlining branches, etc., while at the same time strengthening efforts to increase operational efficiency and reduce costs throughout the SuMi TRUST Group.

The third initiative is to enhance the financial base and refine the stance on risk management and compliance. Amid an uncertain market environment, we will further reinforce our financial base by making efforts to appropriately control credit risk and market risk in response to stricter international financial regulations, while working to enhance risk management and compliance on a global basis.



## Question

### Please explain the strategies to deal with reforms of the tax system, including inheritance tax.

The number of people subject to tax expanded significantly with the inheritance tax reform that took effect from January 1, 2015. At the same time, a system of measures that can be used to smooth the succession process was established with the extension of the period of applicability (to March 31, 2019) of the gift tax exemption related to lump-sum gifts to pay for education, and the creation of a gift tax exemption for lump-sum gifts to children or grandchildren of funds used for weddings, childbirth or child-rearing (with a tax exemption limit of ¥10 million). Furthermore, starting in 2016, in the financial and securities tax system, the Junior NISA will be established, and the annual investment ceiling in current NISAs will be lifted from ¥1 million to ¥1.2 million.

Through advanced consulting capabilities that appropriately take into account these tax reforms and the needs of each and every customer, the SuMi TRUST Group will provide a wide range of comprehensive and sequential products and services corresponding to the life cycle of clients, and link these to the development of ongoing, multiple business relationships.




## Question

### Please explain SuMi TRUST Group's response to the Corporate Governance Code established in May 2015.

The Tokyo Stock Exchange established the "Corporate Governance Code" (the "Code") for listed companies in May 2015 and started to apply it from June of the same year. The Code is aimed at strengthening corporate governance, and it summarizes the main principles governing matters to be respected by each company. Based on the Code's principles, the SuMi TRUST Group established the basic policy, which was announced in May 2015.

The SuMi TRUST Group is committed to strengthening its corporate governance by autonomously making use of the Code in line with the distinctive characteristics of the SuMi TRUST Group. We will achieve this by understanding the aims and spirit of the Code, with a view to realizing sustainable growth and medium- to long-term enhancement of corporate value.

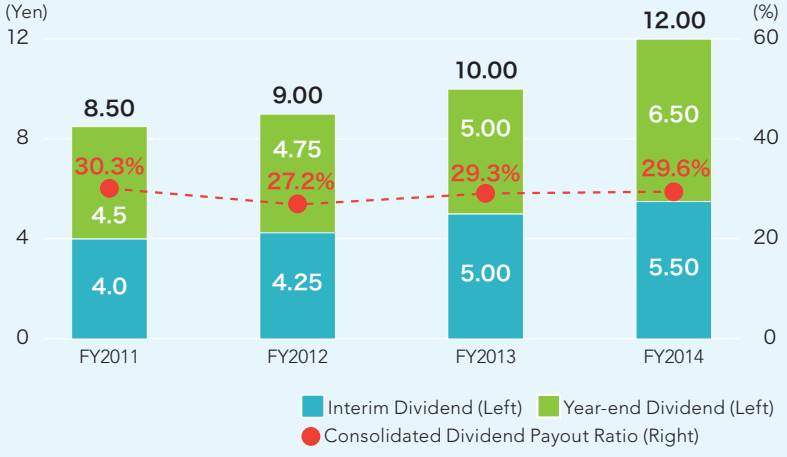
* Please also see "Initiatives for Strengthening Corporate Governance of the Sumitomo Mitsui Trust Group" on page 22, "Management Structure: Corporate Governance, Internal Control" on pages 56-58.

## Question

### Can you tell us about the policy on shareholder return?

Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") has long regarded the return of profits to shareholders as one of its important management policies. Our policy has been to return profits to shareholders commensurate with business results. However, as of FY2015, we will be further enhancing shareholder returns with the aim of maximizing shareholder profits in the medium to long term. Specifically, we have changed our policy as described in the following statement: "SuMi TRUST Holdings shall share its profits with shareholders in accordance with its profit level in each fiscal year, aiming to maintain the consolidated dividend payout ratio on common shares of approximately 30%. SuMi TRUST Holdings may also repurchase its own shares by considering the balance with profit growth opportunities, and the effect of the repurchase on the improvement of capital efficiency. Through the measures above, SuMi TRUST Holdings shall aim to enhance medium-term shareholder returns."

Dividend Per Share and Consolidated Dividend Payout Ratio




## Question

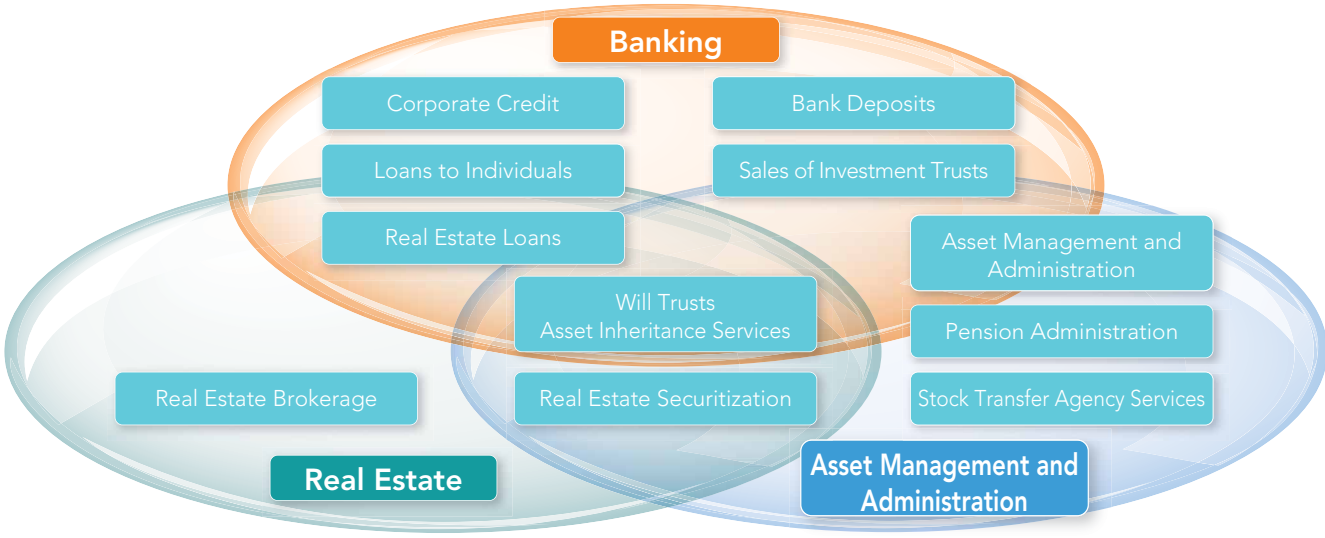
### Please tell us your message for the stakeholders.

Japan's economic environment is currently taking a turn for the better, partly thanks to the effects of the government's monetary policies. Meanwhile, structural changes such as the declining birthrate and an aging society as well as globalization and convergence within the economy are steadily progressing. We recognize that the role the SuMi TRUST Group is called on to play continues to expand in accordance with the trend toward complexity and diversification of client needs. In this context, all the SuMi TRUST Group officers and employees will devote their concerted efforts to serve the needs of clients by carefully providing the best solutions one by one, based on a customer-oriented sales stance thoroughly implemented at all group companies.

We sincerely ask for your ongoing support in this endeavor.

# Our Business Model

**Based on the fiduciary spirit and with significant expertise and comprehensive capabilities, the SuMi TRUST Group creates distinct values by leveraging a business model that combines its banking, asset management and administration, and real estate businesses.**




# Status of Group Businesses

**As the largest, most prestigious trust bank group in Japan, the SuMi TRUST Group is Japan's largest asset manager and administrator, a top asset management consultant, and an industry leader in trust-bank-related businesses.**

(As of the end of March 2015)

| | | | | |
|---|---|---|---|---|
| Retail Financial Services Business | Sales Volume of Investment Trust/ Discretionary Investment | ¥1.8 trillion | among Japanese Banks | No. 1 |
| | Number of Will Trusts | 25,179 cases | among Japanese Trust Banks | No. 2 |
| | Balance of Loans to Individuals | ¥7 trillion | among Japanese Banks | No. 5 |
| Wholesale Financial Services Business | Balance of Monetary Claims in Trusts | ¥11 trillion | among Japanese Trust Banks | No. 1 |
| | Balance of Loans to Corporates | ¥18 trillion | among Japanese Banks | No. 4 |
| | Lending business/Total loan balance | ¥25 trillion | among Japanese Banks | No. 4 |
| Stock Transfer Agency Services Business | Number of Shareholders under Administration (Total of the whole group) | 22,935 thousand shareholders | among Japanese Trust Banks | No. 1 |
| Real Estate Business | Real Estate Business-related Revenue (Total of the whole group) | ¥44.6 billion | among Japanese Trust Banks | No. 1 |
| | Entrusted Balance of Securitized Real Estate | ¥11 trillion | among Japanese Trust Banks | No. 1 |
| Fiduciary Services Business | Assets under Management | ¥80 trillion | among Japanese Bank and Securities Company Groups | No. 1 |
| | Assets under Custody* | ¥223 trillion | among Japanese Bank Groups | No. 1 |
| | Balance of Corporate Pension Funds | ¥17 trillion | among Japanese Trust Banks | No. 1 |
| | Lead Manager for Corporate Pension Funds | 1,427 funds | among Japanese Trust Banks | No. 1 |
| | Entrusted Balance of Investment Trusts | ¥51 trillion | among Japanese Trust Banks | No. 1 |

* This refers to the aggregate balance of trust assets at the SuMi TRUST Group.

Terms with an asterisk are explained in "Glossary" on page 10.

# Financial Highlights

In the consolidated financial results for FY2014, net business profit before credit costs increased by ¥30.8 billion year on year to ¥316.7 billion, thanks to higher net interest income and related profit as well as net fees and commissions and related profit at SuMi TRUST Bank (non-consolidated).

Net income grew by ¥21.9 billion year on year to ¥159.6 billion, due to an improvement in total credit costs, which offset the costs of banking IT system integration recorded at SuMi TRUST Bank (non-consolidated).

Regarding our year-end dividend on common shares, we paid ¥6.50 per common share in line with our policy targeting approximately 30% as a consolidated dividend payout ratio. The annual dividend for the fiscal year increased by ¥2 per share from the previous fiscal year to ¥12.00 per common share, including the ¥5.50 interim dividend per share we paid last December.

## • Overview of the Financial Results in FY2014

### <Consolidated> Sumitomo Mitsui Trust Holdings (Consolidated)

Billions of Yen (Unless specified otherwise)

| | FY2014 (A) | FY2013 (B) | Change (A)–(B) | Rate of change |
|---|---|---|---|---|
| Net Business Profit before Credit Costs* | **316.7** | 285.8 | 30.8 | 10.8% |
| Ordinary Profit | **292.4** | 258.0 | 34.4 | 13.4% |
| Net Income | **159.6** | 137.6 | 21.9 | 16.0% |
| | | | | |
| Total Credit Costs* | **19.3** | 9.1 | 10.1 | 110.4% |
| | | | | |
| Return on Equity | **7.17%** | 7.13% | 0.04% | — |
| Net Income per Common Shares (Yen) | **40.38** | 34.48 | 5.90 | 17.1% |
| Net Assets per Common Shares (Yen) | **618.63** | 511.02 | 107.61 | 21.1% |

### <Non-consolidated> Sumitomo Mitsui Trust Bank (Non-consolidated)

Billions of Yen (Unless specified otherwise)

| | FY2014 (A) | FY2013 (B) | Change (A)–(B) | Rate of change |
|---|---|---|---|---|
| Net Business Profit before Credit Costs* | **245.7** | 211.8 | 33.8 | 16.0% |
| Net Interest Income and Related Profit* | **233.4** | 215.7 | 17.6 | 8.2% |
| Net Fees and Commissions and Related Profit* | **201.0** | 195.7 | 5.3 | 2.7% |
| Net Trading Profit | **32.4** | 24.3 | 8.0 | 33.0% |
| Net Other Operating Profit | **27.2** | 25.6 | 1.6 | 6.3% |
| General and Administrative Expenses | **(248.5)** | (249.7) | 1.1 | 0.5% |
| Net Non-recurring Profit, etc. | **(15.6)** | (23.4) | 7.7 | 33.2% |
| Ordinary Profit | **230.0** | 188.4 | 41.5 | 22.1% |
| Extraordinary Profit | **(60.0)** | (2.4) | (57.5) | (2,333.2%) |
| Net Income | **130.5** | 116.0 | 14.5 | 12.5% |
| | | | | |
| Total Credit Costs* | **18.1** | 7.6 | 10.5 | 138.2% |

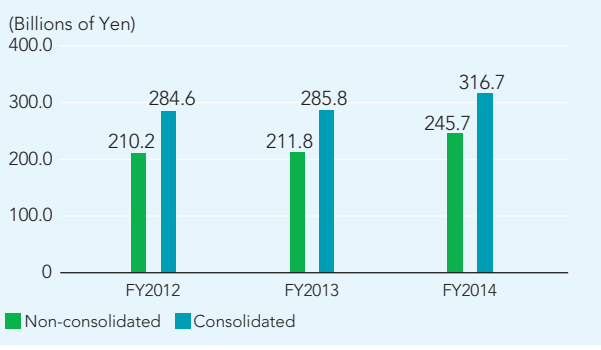
(Note) Amounts less than ¥100 million are rounded down.

### <Dividends>

| | FY2014 (A) | FY2013 (B) | Change (A)–(B) |
|---|---|---|---|
| Dividend per Share on Common Share (Yen) | **12.00** | 10.00 | 2.00 |

Terms with an asterisk are explained in "Glossary" below.

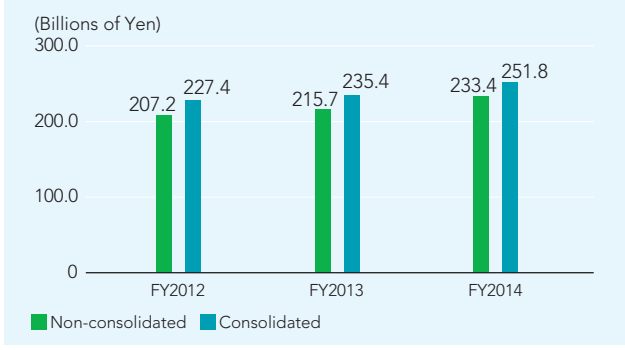
# Status of Profit and Loss




## • Net Business Profit before Credit Costs*

**Net business profit before credit costs increased mainly due to a rise in net interest income and related profit.**

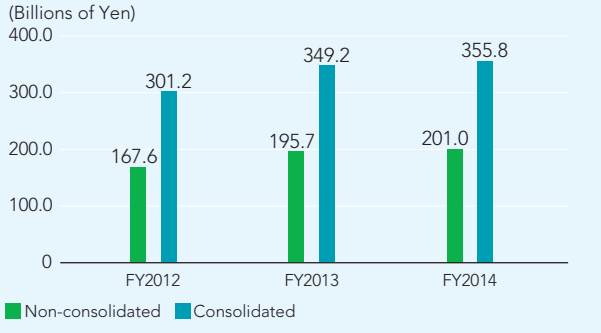
There were increases in both net interest income and related profit as well as net fees and commissions and related profit. As a result, net business profit before credit costs grew by ¥33.8 billion year on year to ¥245.7 billion on a non-consolidated basis and by ¥30.8 billion year on year to ¥316.7 billion on a consolidated basis.




## • Net Interest Income and Related Profit*

**Net interest income and related profit increased due primarily to growth in credit to overseas borrowers.**

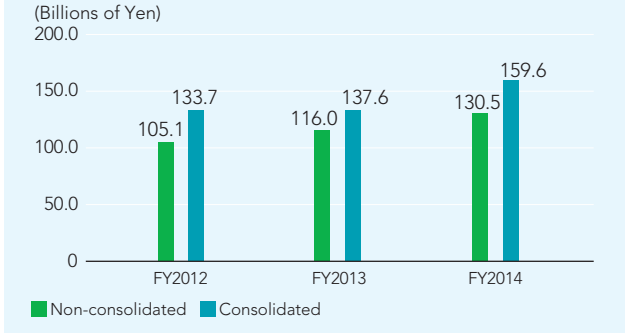
Loan-deposit income rose, mainly driven by growth in credit to overseas borrowers. As a result, net interest income and related profit increased by ¥17.6 billion year on year to ¥233.4 billion on a non-consolidated basis and by ¥16.4 billion year on year to ¥251.8 billion on a consolidated basis.




## • Net Fees and Commissions and Related Profit*

**Net fees and commissions and related profit increased mainly due to growth in investment trust and insurance related profit.**

In addition to growth in investment trust and insurance related profit, which was attributable to the increase of balance, fiduciary services profit increased from an improvement in market conditions. As a result, net fees and commissions and related profit increased by ¥5.3 billion year on year to ¥201.0 billion on a non-consolidated basis and by ¥6.5 billion year on year to ¥355.8 billion on a consolidated basis.




## • Net Income

**Net income grew due to such factors as an improvement in total credit costs.**

In addition to total credit costs that resulted in gains on the reversal of allowance for loan losses, income associated with tax effect accounting was posted, despite posting costs of banking IT system integration under extraordinary loss. As a result, net income increased by ¥14.5 billion year on year to ¥130.5 billion on a non-consolidated basis and by ¥21.9 billion year on year to ¥159.6 billion on a consolidated basis.

### Glossary

**Net Business Profit before Credit Costs**
Substantial profit of a bank's core businesses, calculated by eliminating the effects of non-recurring factors, such as total credit costs and net gains on stock from ordinary profit.

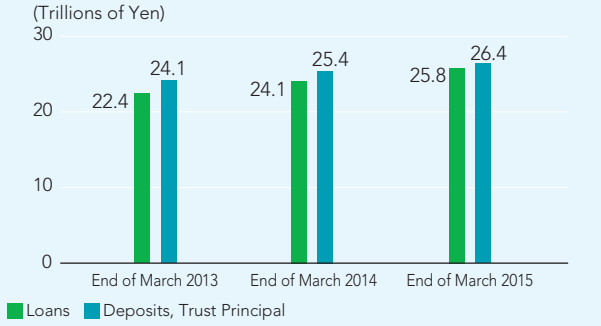
**Total Credit Costs**
Costs incurred in posting allowances for losses on loans and writing off loans.

**Net Interest Income and Related Profit**
Net revenues after subtracting interest paid on deposits, etc., from revenues on loans and securities investment.

**Net Fees and Commissions and Related Profit**
Net profit of the sales fees of investment trusts, real estate brokerage fees, and trust fees for assets under management, etc.

Terms with an asterisk are explained in "Glossary" below.

# Financial Status

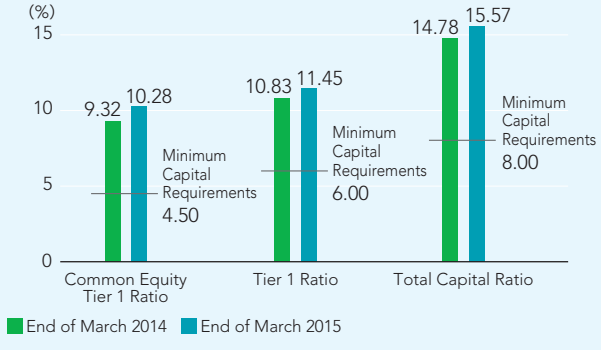



## • Loans and Deposits (Non-consolidated)

### Both loans and bills discounted and deposits increased.

Loans and bills discounted increased by ¥1.7 trillion from the end of the previous fiscal year to ¥25.8 trillion, due to rises in loans to individuals and to overseas. Deposits, etc.* expanded by ¥1.0 trillion from the end of the previous fiscal year to ¥26.4 trillion, because the deposits of corporate clients grew both in Japan and overseas, despite a decline in the deposits of individuals.

* Deposits, etc. include the principal guaranteed trust account (loan trusts and jointly operated money trusts), but exclude negotiable certificates of deposit. It should be noted that new offerings of loan trusts have been suspended.

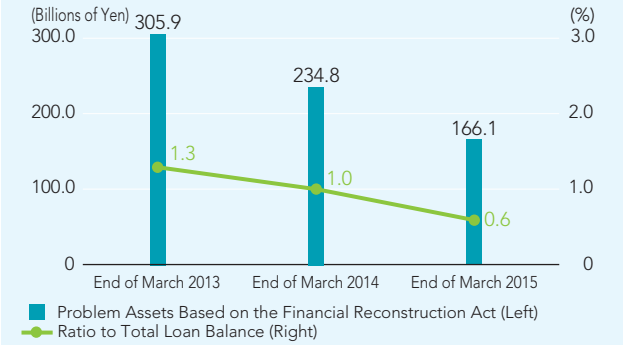



## • Capital Adequacy Ratio, etc.* (Consolidated)

### Capital ratio improved steadily thanks primarily to the accumulation of net income.

As a result of an increase in capital, thanks primarily to the accumulation of net income and the improvement in unrealized gains or loss on securities, the Common Equity Tier 1 capital ratio and total capital ratio improved by 0.96 and 0.79 of a percentage point from the end of the previous fiscal year to 10.28% and 15.57%, respectively. Both were well above the regulatory required levels of 4.50% and 8.00%, respectively.

*** Basel Ⅲ:**
Basel Ⅲ is a new capital regulatory standard that was announced by the Basel Committee on Banking Supervision in December 2010. Basel Ⅲ, intended to enhance the soundness of internationally active banks, has been adopted in Japan as of the end of March 2013. Basel Ⅲ newly defines "Common Equity Tier 1," which is comprised of capital components that can be used to cover unexpected losses and do not need to be repaid, such as common equity and retained earnings, and requires that the ratio of those capital components to risk-weighted assets, such as investments and loans, ("Common Equity Tier 1 ratio") must be kept higher than a prescribed level.




## • Problem Assets Based on the Financial Reconstruction Act* (Non-consolidated)

### The NPL (non-performing loan) ratio remained low at 0.6%.

The total balance of problem assets based on the Financial Reconstruction Act, as a whole, shrank by ¥68.8 billion from the end of the previous fiscal year to ¥166.1 billion, mainly due to upgrades in credit status resulting from an improvement in the credit conditions of obligors. The ratio of problem assets based on the Financial Reconstruction Act to the total loan balance decreased by 0.4 of a percentage point from the end of the previous fiscal year to 0.6%. As for the ratio of problem assets covered by collateral and the allowance for loan losses, the coverage ratio came to 92% for doubtful loans* and 79% for substandard loans*, indicating that a sufficient level of financial provision remained to be ensured.

### Glossary

**Problem Assets Based on the Financial Reconstruction Act**
Assets for which disclosure is required by the Financial Reconstruction Act, and which are classified as follows. These are generally used in referring to "non-performing loans."

**Bankrupt and Practically Bankrupt**
Assets to debtors who are legally bankrupt (due to bankruptcy, corporate reorganization or rehabilitation proceedings, etc.), or virtually bankrupt.

**Doubtful**
Assets to debtors who are not legally bankrupt, but whose financial conditions and business results have deteriorated, with a high likelihood that the lender will not be able to collect the principal or receive interest in accordance with the contract.

**Substandard**
Assets more than three months past due and assets whose terms have been modified to support debtors through such means as interest reductions or exemptions.

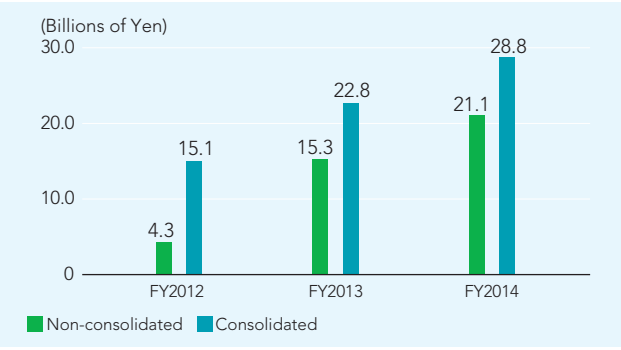
**Capital Adequacy Ratio, etc.**
Basel Ⅲ* defines the composition of capital in three steps: Common Equity Tier 1 capital, Tier 1 capital and total capital. The ratios obtained by dividing them by risk-weighted assets refer to Common Equity Tier 1 ratio, Tier 1 ratio and total capital ratio, respectively.

**Common Equity Tier 1 Capital**
Common Equity Tier 1 capital is composed of core capital, consisting primarily of the capital stock, capital surplus and retained earnings.

**Tier 1 Capital**
Tier 1 capital is composed of Common Equity Tier 1 plus Additional Tier 1 capital, which includes preferred shares, etc.

**Total Capital**
Total capital is the total amount of capital, composed of Tier 1 capital and Tier 2 capital, which includes debt capital such as subordinated debt and subordinated loans.

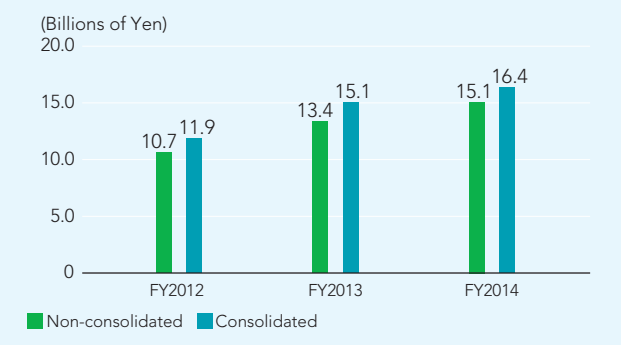
# Net Business Profit before Credit Costs, by Business




## • Retail Financial Services Business

**Net business profit before credit costs expanded mainly due to an increase in the administration fees of investment trusts and insurance.**

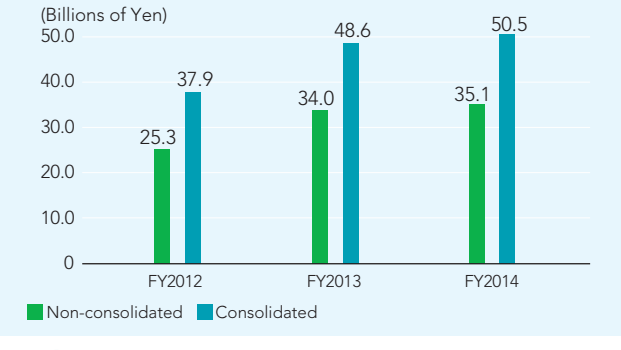
The loan-deposit income improved due to the accumulation of residential mortgage loans. The administration fees increased by ¥5.3 billion year on year resulting mainly from an increased balance of investment trusts and insurance. These contributed to an increase of net business profit before credit costs by ¥5.7 billion year on year to ¥21.1 billion on a non-consolidated basis and by ¥5.9 billion year on year to ¥28.8 billion on a consolidated basis.




## • Stock Transfer Agency Services Business

**Net business profit before credit costs increased because of progress made in streamlining administrative operations.**

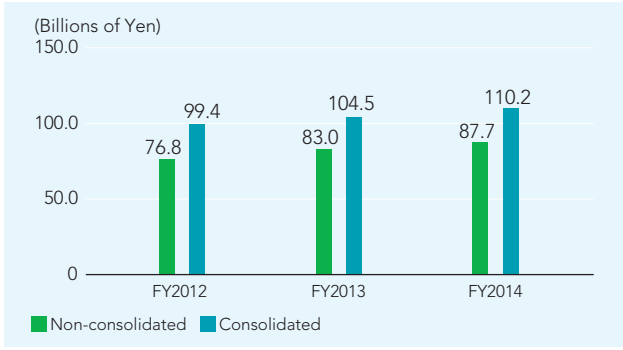
The recurring fees and commissions received associated with administration of shareholders, etc. decreased slightly. However, the streamlining of administrative operations, including that of group companies, made progress. As a result, net business profit before credit costs grew by ¥1.6 billion year on year to ¥15.1 billion on a non-consolidated basis and by ¥1.3 billion year on year to ¥16.4 billion on a consolidated basis.




## • Fiduciary Services Business

**Net business profit before credit costs increased on higher trust asset balance**

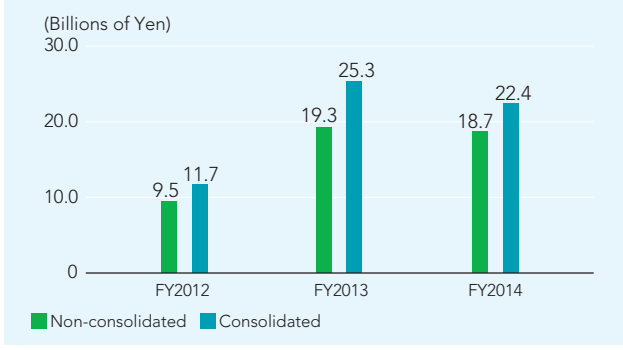
Net business profit before credit costs increased by ¥1.0 billion year on year to ¥35.1 billion on a non-consolidated basis and by ¥1.8 billion year on year to ¥50.5 billion on a consolidated basis. This was because assets under management grew due to the effects of net cash inflows, a rise in stock prices and yen depreciation.




## • Wholesale Financial Services Business

**Net business profit before credit costs increased mainly due to growth in credit to overseas borrowers.**

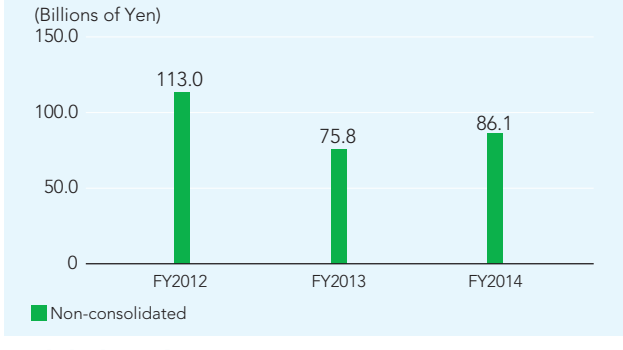
Net business profit before credit costs increased by ¥4.6 billion year on year to ¥87.7 billion on a non-consolidated basis and by ¥5.6 billion year on year to ¥110.2 billion on a consolidated basis, due primarily to growth in credit to overseas borrowers along with the effects of yen depreciation, despite stagnating cash demand in Japan.




## • Real Estate Business

**Net business profit before credit costs decreased on lower brokerage revenue**

Brokerage revenue from individual clients shrank because of the effects of a consumption tax hike. The revenue from corporate clients remained flat from the previous fiscal year. As a result, net business profit before credit costs fell by ¥0.5 billion year on year to ¥18.7 billion on a non-consolidated basis and by ¥2.8 billion year on year to ¥22.4 billion on a consolidated basis.




## • Global Markets Business

**Net business profit before credit costs increased on flexible bond investment management**

Net business profit before credit costs increased by ¥10.3 billion year on year to ¥86.1 billion, due to an increase in derivative transactions with clients, along with bond investments accurately capturing the trend of declining interest rates in Europe and the U.S.

# Progress of Midterm Management Plan

The SuMi TRUST Group has started its Midterm Management Plan for the three years from FY2014 to FY2016. In FY2014, the first year of the plan, we made efforts to enhance the fee-related business, where the SuMi TRUST Group has the strength, and to expand the loan-related business. In addition, we developed businesses in new areas through stronger coordination across business sections and the SuMi TRUST Group. Those efforts are now paying off in the form of steady results.

## Progress toward midterm revenue and financial targets

In FY2014, both net business profit before credit costs and net income increased by more than 10% from FY2013, getting the first year of the Midterm Management Plan off to a good start. In addition, we kept above 50% fee income ratio and steadily decreased overhead ratio toward target achievement.

(Billions of Yen)

| | First year of Midterm Management Plan | | | | | Final year of Midterm Management Plan | | During Midterm Management Plan |
|---|---|---|---|---|---|---|---|---|
| <Consolidated> | FY2013 Actual | FY2014 Actual | Change from FY2013 | FY2015 Forecast | Change from FY2014 | FY2016 Target | Change from FY2013 | CAGR |
| Net business profit before credit costs | 285.8 | 316.7 | 30.8 | 315.0 | (1.7) | 355.0 | 69.1 | 7.4% |
| Net income | 137.6 | 159.6 | 21.9 | 165.0 | 5.3 | 180.0 | 42.3 | 9.3% |
| Fee income to gross business profit ratio | 53.0% | 51.4% | (1.6%) | | | 50% or above | | Long-term target |
| Return on shareholders' equity | 7.8% | 8.6% | 0.8% | | | 8.5-9.0% | | Approx. 10% |
| <Non-consolidated> | | | | | | | | |
| Net business profit before credit costs | 211.8 | 245.7 | 33.8 | 245.0 | (0.7) | 270.0 | 58.1 | 8.4% |
| Net income | 116.0 | 130.5 | 14.5 | 130.0 | (0.5) | 145.0 | 28.9 | 7.7% |
| Overhead Ratio (OHR) | 54.1% | 50.3% | (3.8%) | | | 45-50% | | |

## Recomposition of revenue structure

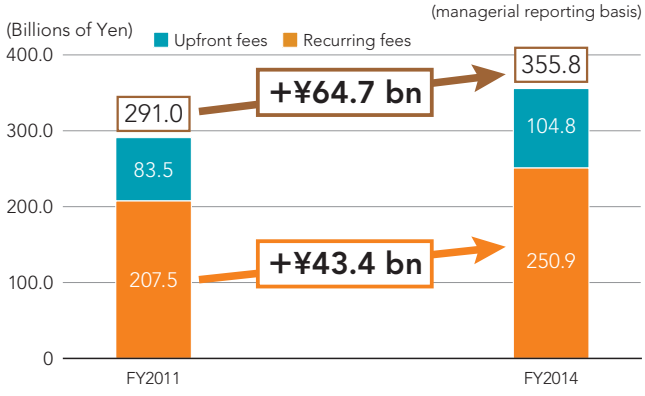
### Expansion of fee income <consolidated>

- Fee income increased ¥64.7bn from FY2011
- Growth of recurring fees which are stable earning source exceeded that of upfront fees

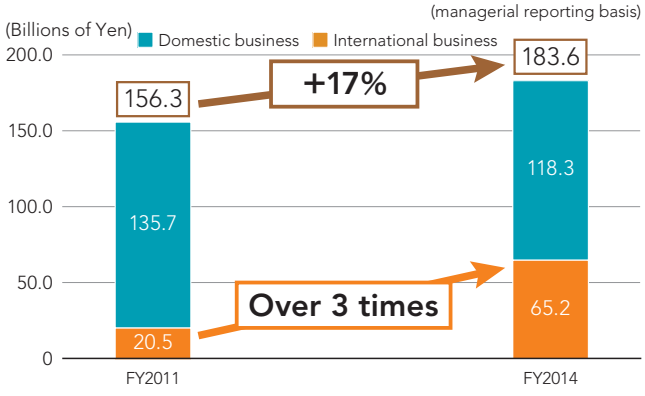
### Expansion of banking income (loan-deposit income) <non-consolidated>

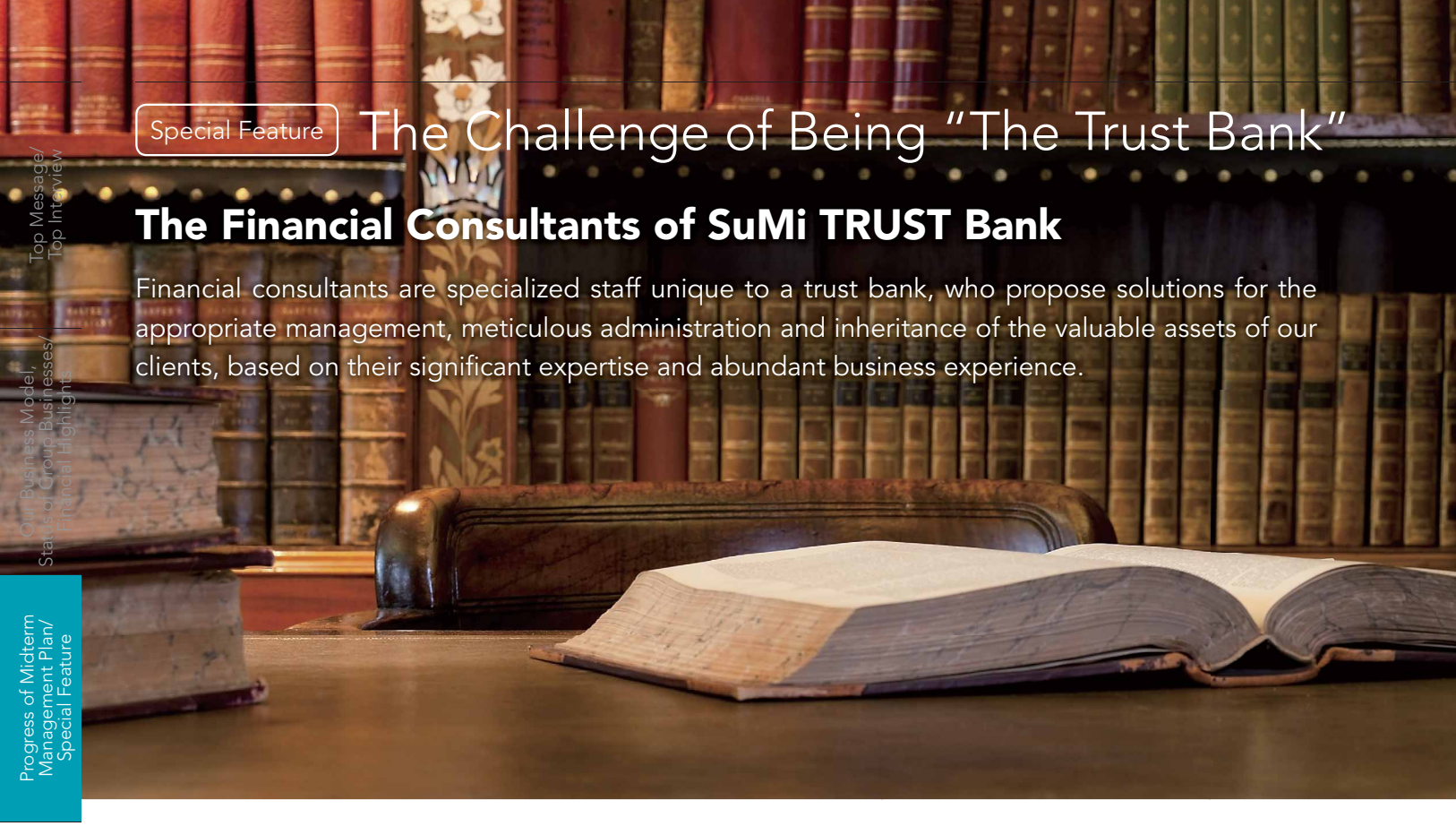
- Driven by growth of overseas credit, increase in loan-deposit income of international business covered decrease in that of domestic business, and achieved overall growth of loan-deposit income
- Ratio of loan-deposit income of domestic business to gross business profit decreased by approx. 4% to 24% from FY2011

(managerial reporting basis)




(managerial reporting basis)





Special Feature

# The Challenge of Being "The Trust Bank"

## The Financial Consultants of SuMi TRUST Bank

Financial consultants are specialized staff unique to a trust bank, who propose solutions for the appropriate management, meticulous administration and inheritance of the valuable assets of our clients, based on their significant expertise and abundant business experience.

### Consulting capabilities unique to a specialized trust bank cultivated over 90 years of history

The financial consultants of SuMi TRUST Bank are carefully selected human resources who possess abundant business experience in addition to qualifications such as 1st-grade certified skilled worker of financial planning, securities analyst, registered real estate transaction specialist*, and real estate appraiser. Since it was first established, SuMi TRUST Bank has consistently conducted business as a specialized trust bank for 90 years. Combining the fiduciary spirit that has been passed down unbroken throughout this long history, together with accumulated know-how, our financial consultants provide total solutions that fully leverage the SuMi TRUST Bank's Group capabilities in order to resolve the asset-related concerns and needs of clients.

* The term "registered real estate broker" was changed to "registered real estate transaction specialist" as of April 1, 2015.



## Meeting asset-related concerns and needs with the advanced expertise unique to a trust bank

SuMi TRUST Bank handles comprehensive asset consultations, offering not only management of deposits and other assets, but also an assortment of products and services related to a wide range of operations characteristic of trust banks such as inheritance, gifts, and real estate.

With the expected increase in the number of people subject to inheritance tax as a result of the tax system reforms that came into effect from January 2015, there is growing interest in measures that can be taken before inheritance occurs, such as wills and gifts.

Behind client assets lie the many years of life lived by clients, their thoughts and feelings. We believe that it is our mission as financial consultants to take the time to have a thorough discussion with clients, thinking together about the future of their precious assets, while paying careful attention to their thoughts and feelings.

We financial consultants are specialized staff, able to handle comprehensive consultations covering asset management to asset administration, leveraging the significant expertise and abundant business experience unique to a trust bank to address concerns and needs related to assets in life's various situations.

Financial consultants are assigned to branches across Japan to handle various consultations and meet the needs of clients. Looking at each and every consultation from the client's perspective, all of our financial consultants strive to improve themselves from day to day to propose the best solution to suit each individual client.



Mineki Nagasawa
Financial Consultant

We aspire to continue to be financial consultants that clients rely on, believe in, and to whom they entrust their hopes.

Please do not hesitate to consult us.

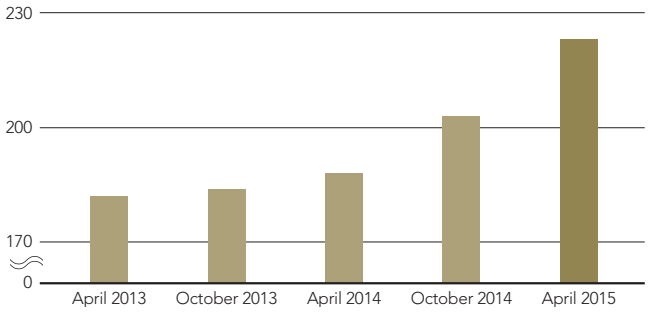
### Total solutions through collaboration with experts and group companies




## Initiatives to increase financial consultants

Amid the growing demand for asset-related services associated with the ongoing aging of society, SuMi TRUST Bank is becoming increasingly known for professional asset management and administration services. We plan to strengthen our consulting services for individual clients by increasing the number of financial consultants, who are professionals in asset management consultation, to 250 by the end of March 2016.

Number of financial consultants



Special Feature

# The Challenge of Being "The Trust Bank"

## Real Estate Business of the SuMi TRUST Group

As Japan's only independent financial group specialized in trust banking, the SuMi TRUST Group provides one-stop banking, trust, and real estate services. The real estate business was one of the original businesses of SuMi TRUST Bank, which has celebrated 90 years since its establishment. In addition to the real estate administration, management, and brokerage services that have been offered since our founding years, the SuMi TRUST Group has strived to provide pioneering services to meet the demands of the era such as land trusts, securitized trusts, fund-related services, and services related to investment companies. We seek to be "**Japan's No. 1 institution providing comprehensive real estate solutions**" that is constantly of use to clients by providing proposals leveraging the various functions of the SuMi TRUST Group and bringing together our accumulated track record and the wisdom and know-how cultivated over 90 years.

### Providing total solutions that fully utilize our significant expertise and comprehensive capabilities

#### Real Estate Brokerage, Consulting Function

- Real estate transaction brokerage, tenant brokerage (individual/corporate)
  Group company: Sumitomo Mitsui Trust Realty
- Real estate consulting (construction, environment, development business, etc.)
- Real estate appraisal, market surveys and analysis
  Group company: Sumitomo Mitsui Trust Research Institute

| | |
|---|---|
| Amount of real estate brokered | Approx. ¥2.5 trillion |
| Real estate brokerage fees | Approx. ¥37.0 billion |

#### Real Estate Asset Finance Function

- Non-recourse loans for funds (Japan/overseas)
- Financing arrangement for J-REITs (Japanese Real Estate Investment Trusts)
- Equity investments for funds (principal)

| | |
|---|---|
| Balance of non-recourse loans (including corporate bond type and for REIT) | Approx. ¥1.76 trillion |

**Sumitomo Mitsui Trust Bank "The Trust Bank"**
Group real estate business-related revenue Approx. ¥44.6 billion

#### Real Estate Custody Function

- Entrusted real estate trusts (securitized trusts/land trusts)
- Asset custody and general administration for investment companies (accounting administration, organization operation)

| | | |
|---|---|---|
| Entrusted balance of securitized real estate trusts | | Approx. ¥11.9 trillion |
| Entrusted assets under custody | Share of listed REITs | Approx. 65% |
| Entrusted general administration | Share of listed REITs | Approx. 42% |

#### Real Estate Management and Administration Function

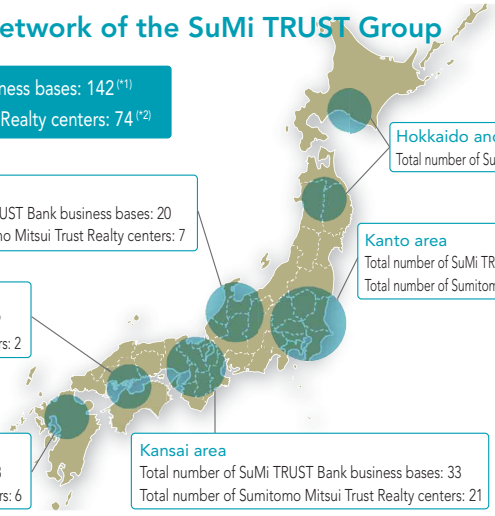
- Management services for private real estate funds
  Group company: Sumitomo Mitsui Trust Real Estate Investment Management
- Asset management services for listed REITs (Real Estate Investment Trusts)
  Group company: Top REIT Asset Management
  Mitsui & Co., Logistics Partners

| | |
|---|---|
| Group AUM (balance of assets under management) | Approx. ¥840.0 billion |

* All figures stated are cumulative actual results during FY2014 or actual results as of the end of the same year.

### Real Estate Business Network of the SuMi TRUST Group

Total number of SuMi TRUST Bank business bases: 142 (*1)
Total number of Sumitomo Mitsui Trust Realty centers: 74 (*2)



**Hokkaido and Tohoku area**
Total number of SuMi TRUST Bank business bases: 4

**Chubu area**
Total number of SuMi TRUST Bank business bases: 20
Total number of Sumitomo Mitsui Trust Realty centers: 7

**Kanto area**
Total number of SuMi TRUST Bank business bases: 68
Total number of Sumitomo Mitsui Trust Realty centers: 38

**Chugoku and Shikoku area**
Total number of SuMi TRUST Bank business bases: 9
Total number of Sumitomo Mitsui Trust Realty centers: 2

**Kyushu area**
Total number of SuMi TRUST Bank business bases: 8
Total number of Sumitomo Mitsui Trust Realty centers: 6

**Kansai area**
Total number of SuMi TRUST Bank business bases: 33
Total number of Sumitomo Mitsui Trust Realty centers: 21

### Rank in trust industry (*3)

| | |
|---|---|
| Group brokerage fees | No.1 |
| Entrusted balance of securitized real estate trusts | No.1 |
| Share of entrusted administration for REITs | No.1 |
| Balance of non-recourse loans | No.1 |

(*1) As of April 1, 2015 (excluding Consulting Plazas and Loan Centers within branches)
(*2) As of May 7, 2015 (67 transaction centers + 3 corporate centers + 4 Advisory and Business Departments)
(*3) According to research by SuMi TRUST Holdings based on cumulative actual results during FY2014 or actual results as of the end of the same year.

# Group Company: Sumitomo Mitsui Trust Realty Co., Ltd.

Through its network of 74 bases across Japan, Sumitomo Mitsui Trust Realty provides solutions and services in response to consultations related to real estate mainly for individual clients on matters including not only brokering residential property transactions, but also introducing investment real estate and proposing effective utilizations for idle real estate. With the increase in inheritance tax starting in January 2015, we have received many consultations from clients regarding disposal of their real estate properties and acquisition of revenue-producing real estate. As part of the SuMi TRUST Group, our strength lies in our ability to provide one-stop total support including financing for clients' asset building and asset inheritance needs in collaboration with SuMi TRUST Bank.

Our goal is be a presence distinct from other major real estate transaction companies, that clients can rely on with peace of mind to provide thoughtful and courteous brokerage services worthy of a trust banking group company.



▲Sumitomo Mitsui Trust Realty's mascot: Mr. Trust

## Working to offer new services

- **Free real estate assessment**
We provide assessment of real estate property held by clients free of charge, which they can then use as reference with regard to sale value.



- **Free individual consultation meetings on tax matters**
We offer individual consultation meetings with a tax accountant on inheritance and real estate management free of charge.
- **Total support for vacant houses**
We address issues related to vacant houses based on client needs such as renovation, security, and patrol services by introducing Sekisui House, Ltd. and SOHGO SECURITY SERVICES CO., LTD. (ALSOK).
- **Support for repair of residential facilities**
In order to promote existing home transactions, we guarantee repair of residential facilities free of charge for a period of six months from transfer for clients who purchase a home through our brokerage. (*Provided through a guarantee company. Limit of ¥5 million.)
- **Nursing care insurance compensation service**
In the event that the parent of a client who has concluded a contract brokered by Sumitomo Mitsui Trust Realty is in a condition requiring nursing care, we provide "nursing care insurance compensation" which makes insurance payments for a period of one year.
(* Provided through an insurance company. Some restrictions on eligibility.)

## SuMi TRUST Bank

**Ai Miyabayashi**
Real Estate Business Planning Department



In my current duties, my role is to act as a bridge uniting the branches of SuMi TRUST Bank and Sumitomo Mitsui Trust Realty as a group in order to support clients.

When I was responsible for consulting services at a branch, a client who used another bank as their main bank consulted me about lack of progress in the sale of real estate property in their possession. I promptly introduced them to Sumitomo Mitsui Trust Realty, and this led quickly to the conclusion of a transaction that met the client's needs. This transaction convinced me that we could make clients happy by meeting their needs through collaboration within the SuMi TRUST Group.

I believe that the ability to provide both real estate and financial instruments is a strength unique to a specialized trust banking group. Guiding by the theme of making real estate services even more a part of everyday activities companywide, I will continue to make use of my own experience in learning from clients at branches so that at every branch those responsible for consultations will be able to give real estate-related advice at a level that satisfies clients, in a way that contributes to the life events of clients.

**Meeting needs such as sale, purchase, and effective utilization of real estate**

**Collaboration**

**Meeting needs for housing loans, inheritance, wills, and asset management**

## Sumitomo Mitsui Trust Realty

**Takaya Maruo**
Tokyo Business Office



Since we began running television commercials in collaboration with SuMi TRUST Bank the year before last, I seem to get more comments from people who say, "You're with Mr. Trust's company, aren't you?"

Mr. Trust was designed as an employee of Sumitomo Mitsui Trust Realty, and his large eyeglasses are meant to convey his ability to perceive clients' thoughts, and to shrewdly judge properties, the transaction market, and regional trends.

We offer price assessments free of charge as part of property sale consultations, and, basing our practice on the image presented by Mr. Trust, we research each and every property in minute detail to assess a fair price. For that reason, we are sometimes criticized for having assessment values that are lower than those of other companies. However, I believe that by carefully explaining our assessment procedures and content, and by applying all of our insight in our transaction activities in order to conclude deals at amounts above the assessed value, we can offer our clients maximum satisfaction.

I look forward to continuing to work in unity with all branches of SuMi TRUST Bank, to realize contracts on even more favorable terms, and to win more fans for the SuMi TRUST Group.

# Comprehensive Capabilities of the Sumitomo Mitsui Trust Group

The SuMi TRUST Group includes a number of companies in banking, trust, and real estate (72 consolidated subsidiaries and 19 equity method affiliates, as of March 31, 2015). Through collaboration with SuMi TRUST Bank, these Group companies generate synergies to provide total solutions that satisfy the needs of our clients.
Of these Group companies, we introduce Nikko Asset Management Co., Ltd. in this installment.




A Member of the Sumitomo Mitsui Trust Group

## Nikko Asset Management Co., Ltd.

### Professionals that investors can trust

With Asia as the core of its operations, Nikko Asset Management is an asset management company of distinctive character in the SuMi TRUST Group. The asset management expertise and product development capabilities of Nikko Asset Management are fully utilized in solution proposals for individual as well as institutional investors.

## A global company with strength in Asia

As a leading global asset management company in Japan and Asia, Nikko Asset Management provides high quality products and services to investors worldwide. With more than 290 investment professionals, Nikko Asset Management commands an extensive lineup of human resources representing over 30 nationalities across 12 countries to manage over ¥19 trillion* in assets.

* Consolidated balance of assets under management at Nikko Asset Management and overseas subsidiaries (including investment advice)

**Asset Management Team**

| | (Number of Persons) |
|---|---|
| Portfolio managers | 143 |
| Analysts/economists/strategists | 85 |
| Traders/other specialists | 65 |

(As of March 31, 2015)

Nikko Asset Management's global business bases



Through initiatives that include acquisition of a global equity team boasting a strong track record, and creation of a multi-asset management team, Nikko Asset Management aims to further enhance its product planning capabilities to address needs beyond those of the current era in addition to honing the asset management expertise that are its original strengths.

## Enhancement of asset management expertise

Singapore

### Acquisition of an asset management company specializing in Asian equity

In October 2013, Nikko Asset Management acquired Treasury Asia Asset Management Limited (TAAM), a company with strengths in equity management in the Asia Pacific region. Nikko Asset Management has substantially boosted its asset management expertise by integrating the asset management operations of TAAM with those of its subsidiary in Singapore.

Scotland

### Acquisition of global equity management team

In August 2014, Nikko Asset Management significantly enhanced its asset management structure with the acquisition of a global active equity management team and associated human resources from a Scotland-based asset management company boasting a world-class track record.

Singapore

### Building a multi-asset management structure

In August 2014, in response to the changing asset management needs of global investors, Nikko Asset Management integrated its specialist multi-asset teams that had previously been spread out across various areas worldwide, basing the team in Singapore, which is positioned as the hub of asset management in Asia.

## Enhancement of product planning capabilities

### Partnership with Eurasia Group

In March 2015, Nikko Asset Management entered into a partnership with Eurasia Group, agreeing to use the Eurasia Group's proprietary political risk indicators in its multi-asset management strategy. As a consulting firm specializing in geopolitical risk analysis, the Eurasia Group analyzes political risk with regard to over 100 countries worldwide, and provides advice and consulting for institutional investors and multinational corporations.
Through this partnership, Nikko Asset Management will pursue product development incorporating the geopolitical risk indicators.



Mr. Ian Bremmer
Eurasia Group President

## A brief message from the Head of Marketing and Communications



Nikko Asset Management is advanced in terms of diversity, and maintains an environment where each and every employee can work enthusiastically regardless of nationality, gender, age, or employment type. Personnel representing over 30 different nationalities other than Japanese account for nearly half the staff at the company, and opinions are exchanged freely in both Japanese and English at meetings. We conduct efficient business operations with this diversity as the background.

Natsumi Akita, Head of Marketing and Communications

**Company profile**

| | |
|---|---|
| Representative Director, Executive Chairman | David Semaya |
| Representative Director, President & CEO | Takumi Shibata |
| Business Description | Investment management, investment advisory |
| Date of Establishment | December 1, 1959 |
| Headquarters Location | Midtown Tower, 9-7-1, Akasaka, Minato-ku, Tokyo |
| Number of Employees | 1,414 (as of March 31, 2015) |

# Topics

## Topic 1

## Agreement reached to acquire 100% of shares of Citi Cards Japan within the year

In March 2015, SuMi TRUST Bank reached a definitive agreement with Citigroup Inc. (hereinafter "Citi") to acquire 100% of the issued shares of Citi Cards Japan, Inc. (hereinafter "Citi Cards Japan"), which operates Citi's credit card business in Japan, within 2015.

Citi Cards Japan is the issuer of Diners Club cards in Japan, which have more than 50 years of tradition as the first credit card in Japan. Diners Club cards have high brand recognition and a premier customer base, built up since inception. Meanwhile, SuMi TRUST Bank has a tradition dating back over 90 years as a specialized trust bank with origins in Japan's first trust company, and has been providing clients with products and services unique to a trust bank for many years. Through this share acquisition, SuMi TRUST Bank will leverage the established brand strength and traditions of the two companies in order to strengthen its credit card business and enhance the products and services offered in its Retail Financial Services Business.



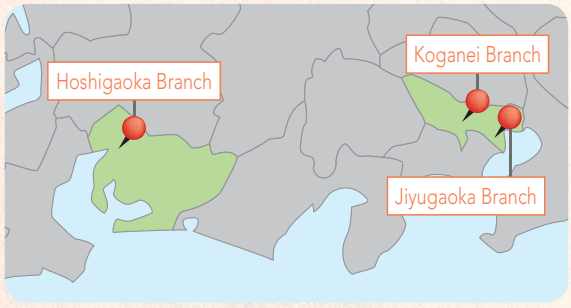
◀ Press conference announcing agreement

## Topic 2

## Branches opened in Jiyugaoka, Koganei, and Hoshigaoka

In the Tokyo Metropolitan area, SuMi TRUST Bank opened the Jiyugaoka Branch on June 12, 2015, and the Koganei Branch on July 10, 2015. In addition, in the Nagoya area, the Hoshigaoka Branch is scheduled to open on August 21, 2015.

The three new branches are opening in areas that each have their own unique character. Jiyugaoka is centered on a shopping district full of individuality with a tremendous ability to attract customers, while Koganei's power to draw customers is increasing along with redevelopment around the station. Meanwhile in Hoshigaoka, commercial facilities are being built and the population is expected to grow together with residential development in and around the area. All three branches will adopt a business format focused on consulting services for individual clients on matters including asset management, inheritance and wills, real estate, and loans, with the aim of providing a relaxed atmosphere where consultations can be conducted in an unhurried manner. SuMi TRUST Bank will continue to respond to the diverse needs of clients while striving to improve convenience by expanding the branch network, among other measures.



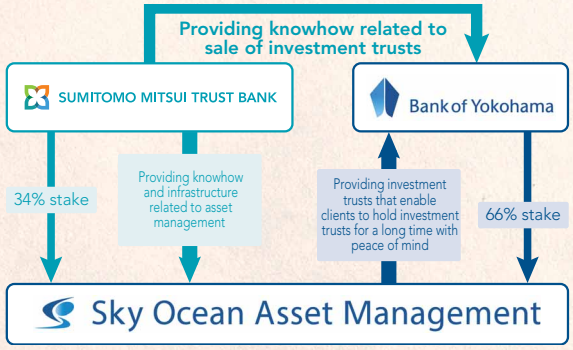
Topic 3

## Commencement of Business Operations by Sky Ocean Asset Management

Sky Ocean Asset Management Co., Ltd. (hereinafter "Sky Ocean"), which was jointly established by SuMi TRUST Bank and the Bank of Yokohama (hereinafter "the Two Banks"), commenced business operations in April 2015. Sky Ocean was established as an asset management company in November 2014, based on a strategic relationship agreement between the Two Banks.

Leveraging the knowhow and infrastructure built up by SuMi TRUST Bank with respect to sales of investment products, Sky Ocean is setting up and managing the investment trust Sky Ocean Core Wrap (Balanced-type/Growth-type) as its first fund. The Bank of Yokohama will sell this product supplied by Sky Ocean and ascertain in detail the asset-management needs of clients in order to provide guidance on developing a portfolio that contributes to medium- to long-term and stable asset building.

Through Sky Ocean, the Two Banks will seek to enhance services that support the building of clients' assets, as well as examine increasing the number of alliance partners.



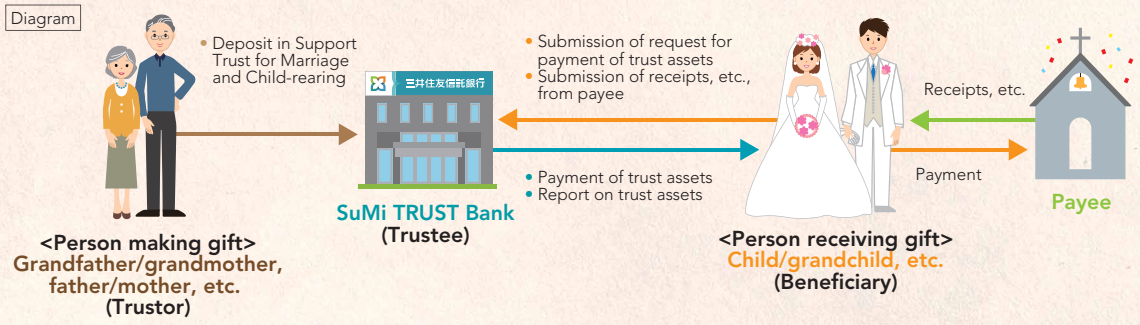

Topic 4

## Launch of "Thoughts that Connect" Support Trust for Marriage and Child-rearing

SuMi TRUST Bank began offering the Support Trust for Marriage and Child-rearing (also referred to as "Thoughts that Connect") as a new trust product starting on April 1, 2015. This is a trust product based on the tax exemption for lump-sum gifts of funds for expenses related to marriage and child-rearing that was newly established under the fiscal year 2015 tax reforms. With this product, lump-sum gifts of up to ¥10 million in funds given from a person to recipients such as children or grandchildren for expenses related to marriage or child-rearing are exempt from gift tax.

SuMi TRUST Bank aims to enhance its services even further by developing products that utilize the asset administration and asset inheritance functions of a trust bank.

Diagram



# Initiatives for Strengthening Corporate Governance of the Sumitomo Mitsui Trust Group

SuMi TRUST Holdings has established its "Basic Policy on Corporate Governance" (the "Basic Policy") to further strengthen its corporate governance.
In accordance with the Basic Policy, SuMi TRUST Holdings aims at sustainable growth and medium- to long-term enhancement of corporate value of the SuMi TRUST Group as Japan's only independent financial group specialized in trust banking.

## Outline of Basic Policy on Corporate Governance

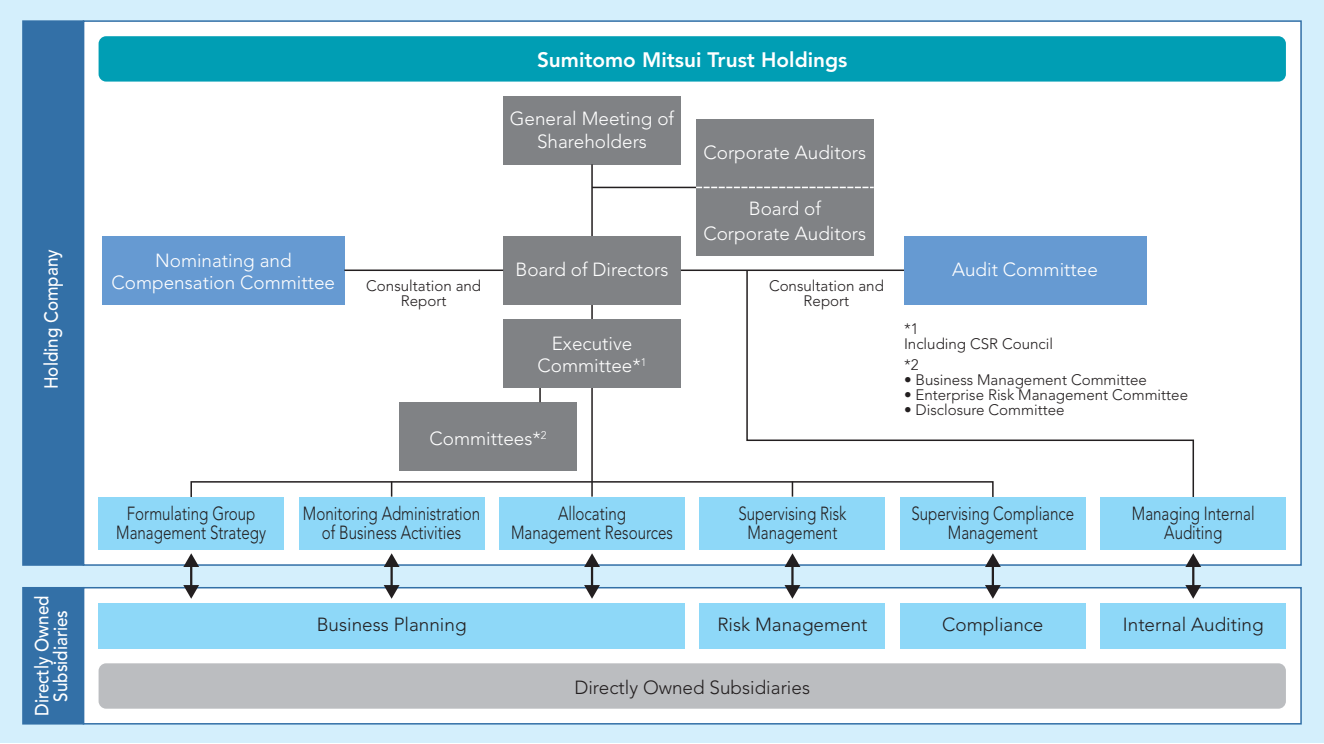
### (1) Raising the ratio of external directors on the board and increasing the number of external directors

SuMi TRUST Holdings has decided that it will operate in principle with a ratio of independent external directors of at least one third of the members of its board, which executes the management functions for all SuMi TRUST Group's businesses. In addition, SuMi TRUST Holdings and SuMi TRUST Bank have shifted from the previous structure, where a total of six external officers, two external directors and four external auditors, served both companies, to a structure where three external directors and two external auditors at SuMi TRUST Holdings, and one external director and two external auditors at SuMi TRUST Bank, each serve only at their own company and collaboration with each other.

### (2) Establishment and roles of "Nominating and Compensation Committee" and "Audit Committee"

SuMi TRUST Holdings has established a "Nominating and Compensation Committee" and an "Audit Committee" voluntarily as advisory bodies to the Board of Directors. External directors shall in principle make up the majority of both committees. The "Nominating and Compensation Committee" shall advise primarily on matters regarding the nomination of and compensation system of directors and corporate auditors, and the "Audit Committee" shall advise primarily on important matters regarding internal audit plans. With the establishment of two committees, SuMi TRUST Holdings aims to further ensure management transparency and appropriateness of processes when deciding important matters regarding nomination and compensation of directors/corporate auditors and internal audits, among other matters.

### Corporate Governance System



# Review of Operations

The Review of Operations provides an overview of the main businesses of the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") encompassing six business categories and centered primarily on Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank").

## Business Outline

### Retail Financial Services Business

P.24

Deposits,
Investment Trust and Insurance Sales,
Loans to Individuals,
Will Trust and Estate Settlement Services, etc.

We have an extensive product lineup to meet a wide range of client needs pertaining to asset management, administration, and succession. While trying to be reliable advisers for clients, we provide comprehensive and specialized services.

### Wholesale Financial Services Business

P.28

Corporate Finance,
Provision of Asset-management Products,
International Business,
Intermediation of M&As, etc.

We provide comprehensive solutions integrating banking, trust, real estate and other functions to meet the various needs of corporate clients in order to enhance their corporate value, increase their asset value, and facilitate growth.

### Stock Transfer Agency Services Business

P.33

Management of Shareholder Lists,
Legal Affairs Consulting related to Shares Practices,
IR/SR Consulting,
Equity/Capital Strategy Consulting,
IPO Consulting, etc.

We make effective use of the wealth of information we derive from our broad client base and provide high value-added, fine-tuned services, including legal affairs consulting related to shares practices, support for IR/SR (Investor Relations/Shareholder Relations) consulting, equity/capital strategy consulting, and IPO (initial public offering) consulting services.

### Real Estate Business

P.38

Real Estate Brokerage,
Real Estate Consulting,
Real Estate Securitization Arrangement,
Real Estate Appraisals and Assessments, etc.

We offer a full line of services from brokerage to securitization and investment management services by providing high-level professional consulting to a wide range of clients with real estate-related transaction needs ranging from large corporations and investors to individuals.

### Fiduciary Services Business

P.44

Pension Plan Designing,
Management of Subscribers and Beneficiaries,
Asset Management,
Asset Administration, etc.

As a financial group that boasts one of the largest assets under management and assets under custody in Japan, we consistently provide various clients with highest-level services. Our services using significant expertise and know-how have earned high marks.

### Global Markets Business

P.52

Financial Operations,
Investment Operations,
Market-making Operations,
Marketing Operations, etc.

We offer timely and accurate solutions by utilizing market-based financial products that reflect SuMi TRUST Group's market analysis capabilities, responding to our clients' investment and risk management needs regarding such matters as interest rates and foreign exchange.

### Other Subsidiaries

P.54

Review of Operations:

# Retail Financial Services Business




## 1. Business Outline

As "The Trust Bank," the Retail Financial Services Business provides comprehensive services to meet a wide range of client needs pertaining to asset management, administration and inheritance through a nationwide network of branches, and also through Sumitomo Mitsui Trust Direct (telephone and Internet banking) and other service bases.

Our basic premise is to strive to actively offer new products and services tailored to meet increasingly diverse client needs amid the trend toward the maturing of Japanese society and the advance of economic globalization.

Thanks to our staff, which possess significant expertise and include financial consultants (an innovation that we introduced ahead of other banks in 1977), we can provide comprehensive solutions that are customized to the needs of each individual client.

In the sales operations for investment trusts, insurance and other products, we offer a wide range of products—from investment trusts and discretionary investment management products to insurance and foreign currency deposits—to meet the diverse asset management needs of our clients. We also provide high-quality consulting services.

Our loans to individuals provide a selection of products with unique qualities, including housing loans provided through various channels such as major developers and house manufacturers and the Internet.

Regarding asset administration and asset inheritance services, there is a growing need for smooth asset succession from one generation to the next and for asset preservation in the wake of Japan's declining birthrate and aging society as well as tax reforms. We provide extensive products and a wide range of know-how. Additionally, we also provide proactive support to our business owner clients for their corporate transactions and business succession, both from the standpoint of business administration and personal assets, leveraging our banking, trust and real estate functions.

In all these operations, we try to be trustworthy consultants for our clients, so that we can serve as their trusted adviser. We also meet our clients' trust by providing comprehensive and professional services as a trust bank that meets their needs that change with their life stages.

## 2. Product and Service Outline

### Deposits

We provide distinctive deposit instruments that include the time deposits "Good Select," which if held to maturity without cancellation can be offered at a favorable interest rate, and the "Foreign Currency Time Deposit" (also referred to as "Foreign Currency Revolution"), which offers a selection of five different foreign currencies. To support clients' asset management efforts, we also provide the "Asset Management Support Plan," which combines investment trusts or foreign currency time deposits with special interest rate time yen deposits. For clients who have entered the "retirement" phase, we offer a time deposit plan to support a second life after retirement.



Foreign Currency Revolution



Asset Management Support Plan

### Investment Trusts

We provide a diverse product lineup by taking advantage of having two asset management companies in the SuMi TRUST Group: Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. With this lineup, we help our clients' asset building by offering investment proposals called "Core & Satellite," which combines the core products that focus on stable returns through long-term portfolio diversification, and satellite products targeting extra returns by swiftly capturing market trends.

Additionally, we have been pursuing various initiatives involving NISAs (a Japanese version of the individual savings accounts), including the expansion of the "Sumitomo Mitsui Trust NISA Selection," a group of products suited to the characteristics of these accounts, and the development of the "Promenade Serenity" Package, which offers insurance coverage for any injuries suffered by customers while they are out and about if they have met certain conditions when purchasing investment trusts under the NISA system.

* "Core & Satellite" is a registered trademark of Sumitomo Mitsui Trust Bank, Limited.



Core Investment Strategy Fund

### Discretionary Investment Management Products

Discretionary investment management products represent services in which we make investment decisions and undertake transactions on behalf of clients by taking advantage of the sophisticated asset management skills and know-how we have developed as experts in the provision of asset management services for corporate pension funds and other assets. We offer two discretionary investment management products: the "Sumitomo Mitsui Trust Fund Wrap" for proposing efficient investment plans that meet each client's risk tolerance, and the "Sumitomo Mitsui Trust SMA" for building custom-tailored portfolios.

To accompany these products, we offer the "Lifelong Serenity" package, which provides coverage for such health risks as cancer and nursing care to provide peace of mind even in worst-case scenarios.



Sumitomo Mitsui Trust Fund Wrap

### Life Insurance Products

Clients can utilize the insurance mechanism to invest their valuable assets. We offer a versatile product lineup to provide peace of mind to clients at the various stages of their lives. The "Single Premium Annuity Insurance" and the "Level Premium Annuity Insurance" can be used as asset management instruments that cover shortfalls in public pension benefits, etc. and preparing for a comfortable post-retirement life. The "Single Premium Whole Life Insurance" and the "Level Premium Whole Life Insurance" allow clients to safely transfer their assets to family members.



Variable Annuity Insurance "Wrap Life"

### Loans

We provide housing loans that meet various lifestyles and needs. The "One-writing Mixed Loan" simplifies application procedures even with two types of interest rates combined, and "Housing Loans Tailored for Women" offer preferential interest rates available after childbirth.

We also provide other loans, such as the "Reverse Mortgage," which is a loan that uses the house as collateral when borrowing funds for a more comfortable lifestyle, the "Housing Card Loan" home equity loan, and the "Apartment Loans" for the construction or renovation of apartments.

### Asset Administration

With the "Tuition Fund Endowment Trust" (also referred to as "Devotion for Grandchildren"), we manage educational funds granted as gifts to grandchildren. With the "Marriage and Child-rearing Support Trust" (also referred to as "A Link between Generations"), we manage funds to help children to get married and raise children. The "Annual Donation Support Trust" is for assisting in the process for gifting to family members. In addition, the "Family Consideration Trust" (lump-sum type/annuity type) supports family living expenses in the event of an inheritance.

We also provide the "Anshin Support Trust" (money trust type), which enables custom-tailored payout of funds and other functions for clients who want their assets to be preserved and administered over the medium to long term.

We also provide functions to support social contributions through the means of trusts. These include guardianship system support trusts, special donation trusts, social contribution donation trusts and charitable trusts.

### Asset Inheritance

In addition to "Will Trust Services" (with execution services), in which we provide consultations on will writing through storage and execution, we provide "Comprehensive Services for Inheritance Procedures" ("Makasete Anshin," "Leave it to SuMi TRUST Bank for peace of mind"), which provide pertinent advice and inheritance procedures on asset succession, and "Estate Planning," which offers asset succession analysis and support for specific asset succession planning, to address a wide range of asset succession needs of clients.

### Private Banking

For our business proprietor clients, we offer a wide range of products and services including custom-tailored asset-management products, business succession consulting and stock sale trusts. We offer services that leverage our banking, trust and real estate functions, including comprehensive corporate banking transactions, real estate brokerage services and consulting for effective land utilization. These provide proactive support both from the standpoint of business administration and personal assets.



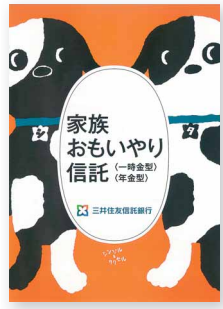
Tuition Fund Endowment Trust ("Devotion for Grandchildren")



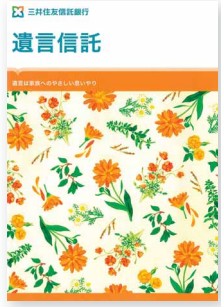
Marriage and Child-rearing Support Trust ("A Link between Generations")



Annual Donation Support Trust



Family Consideration Trust (lump-sum type/annuity type)



Will Trusts

## 3. Group Companies

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|---|---|
| **Sumitomo Mitsui Trust Wealth Partners Co., Ltd.** | Sumitomo Mitsui Trust Wealth Partners provides high-level professional consulting services to clients with asset and business succession needs. In addition to the professional consultants at SuMi TRUST Bank, the company offers custom-tailored consulting services that meet the requests of each client through collaboration with tax accountants and lawyers. |
| **Sumitomo Mitsui Trust Card Co., Ltd.** | Sumitomo Mitsui Trust Card issues the "Sumitomo Mitsui Trust VISA Point Club Gold Card," an affiliated credit card for earning points through transactions with SuMi TRUST Bank, and the "Sumitomo Mitsui Trust VISA Platinum Card," the highest-grade VISA card, providing higher-value-added credit services. |
| **Sumitomo Mitsui Trust Guarantee Co., Ltd.** | Sumitomo Mitsui Trust Guarantee provides guarantees for clients using housing and card loans offered by SuMi TRUST Bank. The balance of its loan guarantees has been increasing in tandem with an expansion in housing loan operations. |
| **SBI Sumishin Net Bank, Ltd.** | SBI Sumishin Net Bank, which specializes in the Internet banking business, was founded in 2007. Instead of limiting operations to settlement and asset management services, the bank has been trying to realize a "fullbanking service, Internet-only bank by providing more easy-to-use and attractive products and services than those offered by other banks, 24 hours a day, 365 days a year." Armed with all the conventional banking functions (deposits, asset management, loans and settlement), the bank offers a wide range of services that include cash accounts available 24 hours a day, foreign currency deposits allowing for real-time transactions, joint services with the accounts of SBI Securities Co., Ltd., and non-face-to-face transactions for housing and card loan services. The FY2014 Japanese Customer Satisfaction Index (JCSI) survey said SBI Sumishin Net Bank scored the highest JCSI rating in the banking industry for the sixth straight year. It has also received high ratings in many other client satisfaction surveys. |

Review of Operations:

# Wholesale Financial Services Business




## 1. Business Outline

In our Wholesale Financial Services Business, we provide comprehensive solutions that only a trust bank group can offer by integrating banking, trust, real estate and other functions to meet corporate clients' diverse needs, with our focus on raising enterprise value, asset value, and achieving growth.

The SuMi TRUST Group covers a wide range of clients, from large to small and mid-sized corporations to financial institutions, non-profit organizations, Japanese and non-Japanese companies operating overseas, and domestic and overseas institutional investors. Our staff, which possesses significant expertise, draws on a wealth of experience and expertise cultivated over many years to meet the diverse needs of our clients.

In our corporate credit-related operations, we offer higher-value-added and diverse products and services that accurately meet our clients' financing needs, and combine banking, investment trust and real estate business functions, employing various financing techniques that include syndicated loans, project finance, asset finance, M&A finance, real estate finance, asset securitization arrangements and *Densai* lump-sum factoring*.

* For details concerning *Densai* lump-sum factoring, please refer to page 31.

Regarding asset management product sales operations, a dedicated department in the Wholesale Financial Services Business works in collaboration with the Global Markets Business, the Fiduciary Services Business and the Real Estate Business in response to the asset management needs of our clients, utilizing the trust function and other features that only a trust banking financial group can possess, develops and provides asset management products and services that match clients' businesses, corporate characteristics and needs.

In our international operations, there is a growing demand for financing among Japanese companies that are pursuing international expansion and relocating their production bases to overseas locations. Accordingly, the SuMi TRUST Group provides financial support for clients' overseas expansion, leveraging SuMi TRUST Group's own office network as well as the broad overseas network, which utilizes the partnerships with leading overseas financial institutions mainly in Asia to accurately respond to clients' financing needs in the foreign countries where they are operating. We are simultaneously enhancing and increasing the loans to non-Japanese companies, mainly in Asia.

In addition, as a "strategic partner" to our clients, we are stepping up consulting services by providing M&A brokerage services, business succession support, and a Japanese version of the employee stock ownership plan (ESOP).

## 2. Product and Service Outline

### Syndicated Loans

A syndicated loan is a fundraising scheme in which an "arranger" (a lead financial institution) forms a syndicate of lenders to provide loans on the same terms and conditions under a single contract to satisfy the funding needs of clients. The SuMi TRUST Group uses syndicated loans not only for conventional corporate loans but also for real estate finance, ship finance, buyout finance, and other structured finance transactions.

### Real Estate Non-Recourse Loans

In real estate finance, we provide non-recourse loans to our clients based on either current and/or future cash flows of the collateral properties using our best knowledge and expertise earned through one of the longest history of this business in Japan.

We also serve our clients by providing equity money to support their investment and securitization business.

The real estate non-recourse loan is one of the means to facilitate financing for purchasing real estate in which real estate securitization*1 is carried out and the assets are transferred to an SPC*2. The loan itself is repaid exclusively from the cash flow originating from the real estate or the proceeds on its sale. The Wholesale Financial Services Business coordinates with the Real Estate Business and the overseas offices to actively capture good quality real estate finance projects both in Japan and overseas. As a result, the SuMi TRUST Group has currently secured a top class position in this field among Japanese financial institutions.

*1 A type of asset securitization. The securities issued are backed by the revenue obtained from real estate, such as rent income, as the underlying asset.
*2 SPC: Special Purpose Company

### Project Finance

Project finance, which employs the cash flow generated from specific projects as the repayment source and limits its collateral to the relevant project's assets, is used to raise funds for infrastructure projects such as the building of power plants, railroads, roads, ports, etc., and oil refineries, petrochemical plants, and natural resource exploration. The SuMi TRUST Group responds to domestic and overseas capital needs in a wide range of areas, including wind power and other renewable energy projects, as well as PFI (Private Finance Initiative) and PPP (Public Private Partnership) projects.

### Asset Finance

Asset finance is a financing technique in which the cash flow generated by assets belonging to a corporation or other body is used to repay loans.

Ship finance is a global financing method for the building or purchase of ships, which is backed by various types of set collateral and the cash flow generated by the ships (mainly charter fees). The SuMi TRUST Group has built up expertise and a record of achievements in this area over many years.

Aircraft finance is a financing method to provide funds for the acquisition of aircraft while appropriately managing the creditworthiness of the airline and the value (and structure) of the aircraft. A specialized team set up by the SuMi TRUST Group in 2012 is now doing business with airlines and aircraft leasing companies worldwide.

**M&A Finance**

M&A finance consists of finance for the purpose of providing acquisition capital when companies or private equity funds acquire a company, or when a company's management seeks to buy out its own company or a single business unit in the company.

The SuMi TRUST Group provides solutions to various management issues, such as recapitalization and business succession for owner-managed listed companies, in addition to solutions to the increasing need for Japanese companies to acquire overseas companies and need of companies to sell their non-core businesses. The SuMi TRUST Group arranges a wide range of financings related to these acquisitions.

**Consulting for Corporate Clients**

As a trust bank group that covers banking, trust and real estate functions, the SuMi TRUST Group provides consulting services to its corporate clients on financial matters, business restructuring concerns, and anti-takeover measures*, as well as consulting services on business succession for business owners, etc.

* Consulting on anti-takeover measures is provided in coordination with the Stock Transfer Agency Services Business.

**Asset Securitization**

Asset securitization arrangements are operations that involve splitting off specific assets such as monetary claims (loans and bills discounted, accounts receivable, etc.) and real estate* from their owners and creating financial instruments based upon the revenue (cash flow) generated by these assets to raise funds.

Asset securitization methods include (1) the trust method (a method of entrusting assets and allowing investors to obtain beneficiary rights) and (2) the SPC method (a method by which assets are transferred to a corporation such as an SPC and securities are issued that treat these assets as collateral). The SuMi TRUST Group was an early pioneer of asset securitization arrangements. For example, we developed accounts receivable trusts in 1991 and we have been making active efforts to develop new products. As a result, the SuMi TRUST Group has currently secured a top class position in the asset securitization field among domestic financial institutions in terms of both quality and quantity. In addition to our asset securitization arrangements, we have also provided solutions to various management issues of our clients by making active use of our trust function.

* Real estate-related securitization is provided by the Real Estate Business.

**Electronic Monetary Claim Services**

In addition to "Densai Net" services, a new settlement infrastructure for monetary claims, the SuMi TRUST Group offers "Densai lump-sum factoring," which was made possible through SuMi TRUST Group's proprietary system development. With Densai lump-sum factoring, the SuMi TRUST Group makes lump-sum purchases of the electronically recorded monetary claims of a designated payer company held by a supplier company, thereby providing such benefits as facilitating fundraising for the supplier company on the creditworthiness of the payer company, and reducing bills and enhancing the efficiency of payment operations for the payer company. The SuMi TRUST Group is committed to actively promoting the spread and use of the Densai Net by taking advantage of its versatility and offering the Densai lump-sum factoring system to regional financial institutions.

**Sales of Asset Management Products**

In addition to offering asset management products through beneficiary rights and corporate bond issued against trust asset in our asset securitization operations, the SuMi TRUST Group uses the experience of investment and loan operations accumulated in the banking business as well as pension investment consulting to develop and arrange alternative asset management products* for institutional investors, as well as various asset management products that target a wider range of investors. The SuMi TRUST Group provides investment opportunities for pension investors, financial institutions and other clients by developing a variety of asset management opportunities that harness our proprietary account investment techniques and management know-how to meet the asset management needs of its clients.

* Alternative asset management products use assets which differ from conventional investments such as shares and bonds.

**M&A Advisory**

The SuMi TRUST Group has positioned M&A and capital alliance advisory activities as an effective function for enhancing enterprise value, and is actively engaging in these advisory activities related to business acquisitions, the sale of non-core businesses, and management buyouts, etc.

**Services Related to Employee Stock Ownership Plan (ESOP) Trusts and Other Corporate Welfare Programs**

As solutions to the various welfare-related issues of corporate clients, the SuMi TRUST Group is actively offering new programs and schemes, such as Japanese version ESOPs*, which contribute to revitalizing ESOP* associations and promoting a sense of employee participation in management, and board benefit trusts* for executive officers, directors, and audit & supervisory board members as a perk in our human resources management system as well as installment saving programs, employees' saving programs, and housing loans, which enable the reduction of the asset management burden on companies, while at the same time helping employees' asset building efforts.

* A Japanese version of ESOPs, share-awarding ESOPs and the Board Benefit Trusts are provided in coordination with the Stock Transfer Agency Services Business.

## 3. Group Companies

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|---|---|
| **Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.** | Sumitomo Mitsui Trust Panasonic Finance was jointly established with Panasonic Corporation. It is a comprehensive finance company that provides advanced financial instruments, such as leasing and credit services, and credit card financing services to a wide range of clients, supported by the customer base of SuMi TRUST Bank and the Panasonic Group, which cover clients ranging from large companies to small and medium-sized enterprises and individuals. The company is playing a role in helping the SuMi TRUST Group to upgrade its proposal development capabilities, so as to better respond to the diversifying financial needs of its clients. |
| **Sumitomo Mitsui Trust Loan & Finance Co., Ltd.** | Sumitomo Mitsui Trust Loan & Finance is a mortgage loan company which is wholly owned by SuMi TRUST Bank. Focusing on the value of real estate and liquidity in the provision of loans, it responds flexibly and promptly to the various financing needs of its small and medium-sized corporate clients as well as its individual clients. The company meets a variety of financing needs with a full lineup of loans for real estate acquisition, housing loans, loans for small and medium-sized commercial-use properties, and loans which use real estate as collateral. |
| **Sumitomo Mitsui Trust Investment Co., Ltd.** | As a member of the SuMi TRUST Group, Sumitomo Mitsui Trust Investment provides various services for the management of private equity funds and related advisory services. In addition to the establishment and management of investment partnerships, the company undertakes management, administration and monitoring of fund investments, and also provides solutions for securitization as well as advisory services for private equity-related investments including M&As. |
| **Sumitomo Mitsui Trust (Hong Kong) Limited** | Sumitomo Mitsui Trust (Hong Kong) is a wholly owned overseas subsidiary of SuMi TRUST Bank. It conducts securities investment and investment advisory services, including advice on private equity fund investment. |
| **Sumitomo Mitsui Trust Bank (Thai) Public Company Limited** | Sumitomo Mitsui Trust Bank (Thai) is a local subsidiary scheduled to start business in Thailand in FY2015. Thailand serves as one of the largest manufacturing bases in Southeast Asia for Japanese companies. Its economy is expected to expand further on an integrated basis with surrounding countries through liberalized trade and provision of services under the framework of the soon to be established ASEAN Economic Community. Once operations start, Sumitomo Mitsui Trust Bank (Thai) will contribute to the further prosperity of the Thai economy as well as its customers by providing financing services and high-quality financial services unique as a trust bank and based on the expertise developed over the years within the SuMi TRUST Group to customers including Japanese corporate clients. |
| **Zijin Trust Co., Ltd.** | Zijin Trust is a trust company in China that is owned 19.9% by SuMi TRUST Bank. Its head office is located in Nanjing, the capital city of Jiangsu Province. The province is home to many high-net-worth individuals. As China's second-largest host for Japanese companies after Shanghai, it is expected to achieve high economic growth. Zijin Trust will contribute to the growth of China's trust market through the extension of support to Japanese corporations operating in China and the provision of trust products and services to local Chinese companies and high-net-worth individuals. |

# Stock Transfer Agency Services Business




## 1. Business Outline

Our Stock Transfer Agency Services Business undertakes stock-related services on behalf of clients, allowing clients to outsource stock-related services, increase their administrative efficiency and rationalize their administration. As an "agent of record for listed companies" provided for in the Companies Act, we ensure swift and accurate execution of a multifaceted array of corporate actions, assumed on behalf of stock-issuing clients and all done in accordance with legal and taxation rules. These services encompass annual tasks, namely, maintaining shareholder lists, sending out voting notices and invitations to shareholders' general meetings, and calculating and distributing dividends, in addition to corporate events including mergers, share exchanges, and the transfer of shares.

Professional services by the SuMi TRUST Group, with many specialized staff possessing a wealth of experience, have helped enhance its reputation. The SuMi TRUST Group accounts for more than 40% of the shareholders and listed companies under management in Japan's stock transfer agency services market. We provide legal support concerning stock-related matters for clients, offer the timely provision of information on stock-related matters, hold regular seminars, and publish practical guides on stock-related matters, etc. We also take advantage of vast amounts of information from our extensive client base, as well as our domestic and overseas networks, to provide fine-tuned support for corporate clients' IR (investor relations) and SR (shareholder relations) operations. In addition, our specialized staff provides legal consulting services to clients pursuing initial public offerings (IPOs) from the IPO preparation stage, conducting practical IPO support services from SuMi TRUST Group's own unique vantage point, which differs from those of securities companies and auditing firms.

The issues concerning stock-related matters that customers are facing are becoming increasingly complicated. The ability to provide consulting and information as well as significant expertise and accurate operational capabilities are more important than ever. The issues include responses to revisions in relevant laws, such as the Companies Act and the Financial Instruments and Exchange Act, compliance with the Corporate Governance Code, stock-related matters pertaining to M&As, means for ascertaining the shareholdings of foreign institutional investors and individual shareholders, etc. The SuMi TRUST Group recognizes this and is currently focused on providing trust-based products and services, such as a Japanese version of ESOPs, share-awarding ESOPs and the Board Benefit Trusts, apart from the consulting on anti-takeover measures. The SuMi TRUST Group seeks to become a partner in investor and shareholder strategies as well as in stock and capital strategies, rather than just a clerical agent, to support the improvement of its clients' enterprise value.

## 2. Product and Service Outline

### Legal Consulting Services for Stock-Related Matters

#### Support for handling shareholders' meetings

We provide fine-tuned consulting services for a variety of stock-related matters, including the handling of shareholders' meetings, reorganization strategies, capital policies and introduction of anti-takeover measures. The SuMi TRUST Group employs experienced legal affairs consultants at its three major operating bases in Tokyo, Osaka and Nagoya. These consultants hold seminars for business owners on chairing shareholders' meetings as well as various seminars and study sessions on an individual basis on such themes as the handling of the general shareholders' meeting, the Companies Act and the Corporate Governance Code.

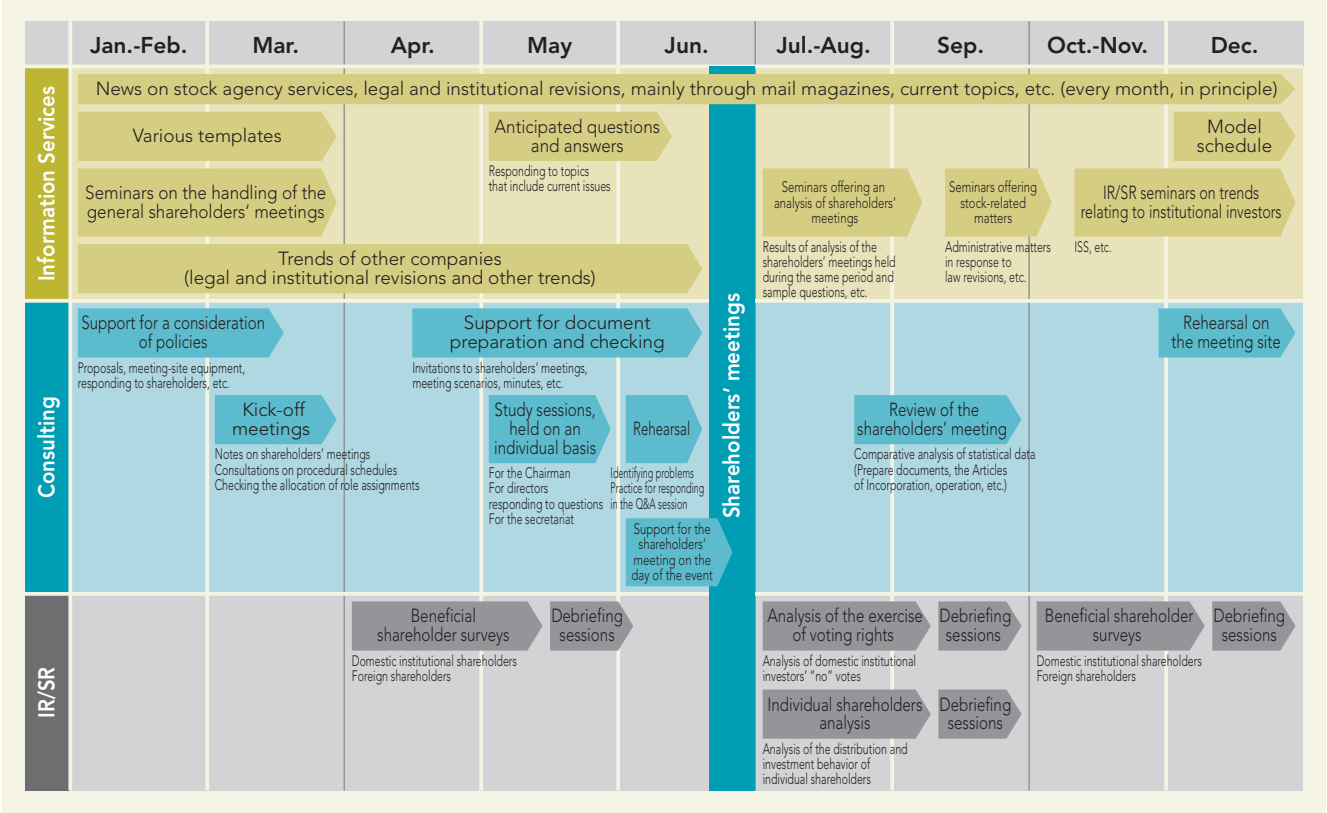
#### Support for companies adopting audit and supervisory committee-based governance structure

We answer various queries from companies related to the adoption of audit and supervisory committee-based governance structures, while providing support to ensure the procedures of such adoption go smoothly.

#### Support for selection of external directors

We provide support, in collaboration with external expert organizations, to companies in need of selecting candidates for external directors.

**• One-Year Timeline Showing Types of Support Provided for Stock-related Matters (for companies settling in March)**



### IR/SR* Consulting Services

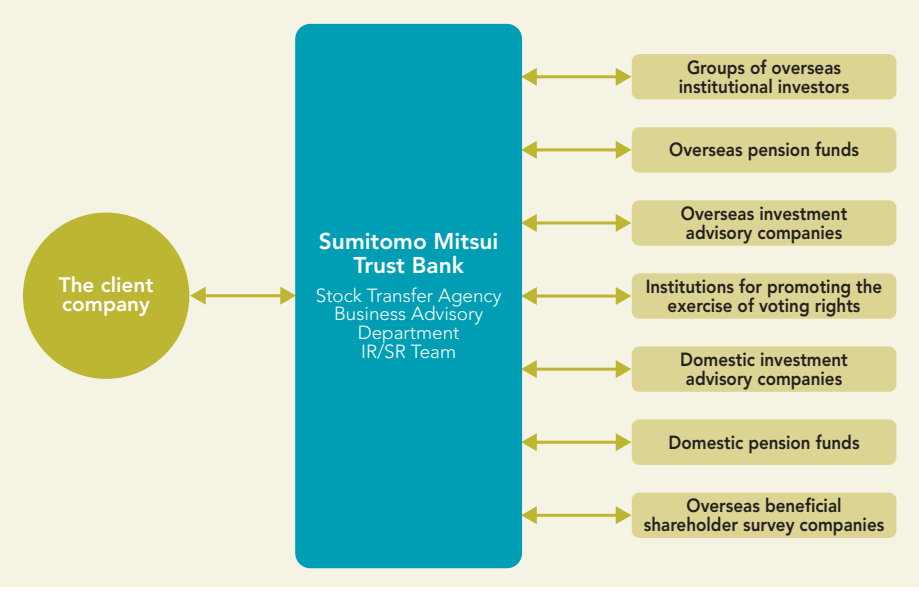
The SuMi TRUST Group has a "dedicated IR/SR team to provide IR/SR support" in the Stock Transfer Agency Business Advisory Department, and provides IR and SR support services, taking maximum advantage of the stock transfer agency's proprietary know-how and distinctive features in order to allow clients to realize efficient and effective IR and SR activities.

* Investor Relations (IR) and Shareholder Relations (SR)
Investor relations (IR) refers to public relations activities that target investors, specifically the full range of activities by which corporations provide to shareholders and investors the information they need to make investment decisions in a timely, fair, and ongoing manner. Shareholder relations (SR) refers to those activities targeting shareholders.

### IR Support Services

The SuMi TRUST Group provides support for the entire range of its clients' IR activities aimed at domestic and overseas institutional investors and individual investors. Specifically, we utilize "FOCUS CLUB," our membership-based information services that use our domestic and overseas institutional investor networks, to conduct beneficial shareholder surveys to identify domestic and overseas institutional investors not listed in shareholders' registries. Additionally, we offer "engagement and support-type IR consulting" to encourage dialogue between a company and its shareholders in order to facilitate understanding of company proposals for proxy votes and enhance the rate of approval votes at shareholders' meetings. We also provide individual shareholder analysis reports as an IR strategy tool for individual investors and various reports focusing on analyses of shareholders' registries, as well as making arrangements for IR on the themes of "ESG" (Environment, Society, Governance) on an individual basis for domestic and overseas institutional investors. We thus offer wide-ranging services, making maximum use of stock transfer agency functions to support clients' IR and SR activities.

**• Wide and Close-knit Network with Domestic and Overseas Institutional Investors**



### SR Support Services

Taking advantage of a wealth of information based on a wide-ranging client base and know-how on stock-related matters, we support clients in their planning and implementation of shareholder strategies aimed at increasing the number of individual shareholders and creating a stable shareholder base. Specifically, we undertake the administration of stock option systems as well as handling questionnaires for individual shareholders and facilitating their visits to manufacturing plants. We also support the introduction of measures to deflect hostile takeovers and the handling of emergencies, such as proxy fights.

### Consulting on Stock and Capital Strategies

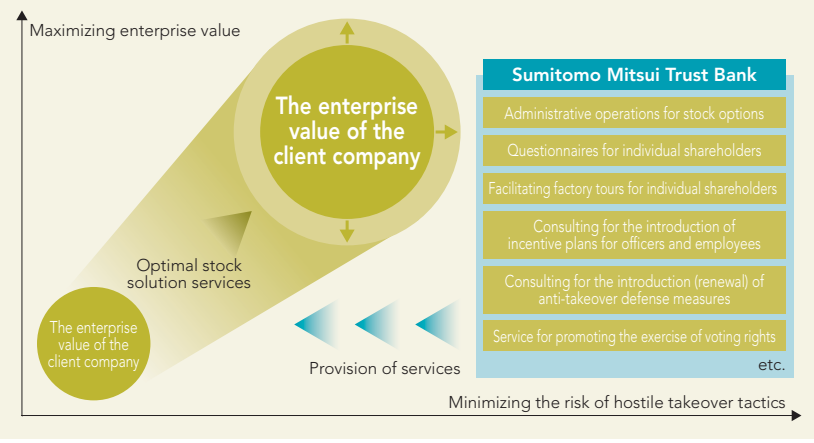
#### Support for the introduction of incentive plans for officers and employees

SuMi TRUST Bank is also focused on providing incentive plans for officers and employees, such as the Board Benefit Trusts, a Japanese version of ESOPs, share-awarding ESOPs along with consulting on the introduction of stock options, that are designed to facilitate the alignment of interests between management (officers) and shareholders for enhanced corporate value, as well as to reactivate employees shareholding associations and promote a sense of employee participation in management.

#### Capital market support

SuMi TRUST Bank, in collaboration with securities companies, provides support to customers with funding needs such as raising finance for capital increases and other purposes.

**• Support for Enhancing Enterprise Value**




### IPO Support Services

Our specialized staff possess a wealth of experience. They provide procedural support for client corporations planning IPOs in a fine-tuned manner. These support services include preparing shareholders' registries, articles of incorporation and other company rules, and capital policies required for capital increases, stock splits, and introduction of stock options, etc.

## 3. Group Companies

| | |
|---|---|
| **Tokyo Securities Transfer Agent Co., Ltd.** | Tokyo Securities Transfer Agent specializes in stock transfer agency services. For about 50 years since its founding in 1962, it has provided clients with useful services from the clients' perspective as a specialized stock transfer agency. As an agent of record for listed companies, the company offers comprehensive stock-related consulting services, which include providing support to clients preparing for IPOs, and working closely with clients to offer fine-tuned consulting services unique to a stock transfer agency. |
| **Sumitomo Mitsui Trust TA Solution Co., Ltd.** | Sumitomo Mitsui Trust TA Solution commenced operations in 2002 as a company specializing in administration and systems operations for the entire range of stock transfer agency services with the aim of enhancing the efficiency and competitiveness of these services. It is working to raise the level of administration for shareholders' registries through the development of more efficient business flows, while moving forward assertively in the Business Process Outsourcing (BPO) market and working to create new value. |
| **Japan Securities Agents, Ltd.** | Japan Securities Agents specializes in stock transfer agency services. For about 60 years since its founding in 1950, it has been providing stock transfer agency related services and securities/financial industry platforms, giving top priority to fine-tuned services based on abundant practical experience and expertise, while processing clerical work promptly and accurately. The company also performs securities business operations to put clients' investment trusts and general claims in its account at Japan Securities Depository Center, Inc., and undertakes the administration, clearance and settlement thereof on behalf of clients. |
| **Japan Stockholders Data Service Company, Limited** | Japan Stockholders Data Service was established in collaboration with Mizuho Trust & Banking Co., Ltd. in 2008 to undertake back-office operations for stock transfer agency services after the shift to the electronic share certificate system in January 2009. It undertakes the administration of the shareholders' registry and the special account on stock transfer agency operations, as well as system development and management for related services. |

Review of Operations:

# Real Estate Business




## 1. Business Outline

Our Real Estate Business has a large number of real estate specialists, such as real estate appraisers and first-class registered architects, providing a full line of services from brokerage to securitization and investment management in response to the real estate-related transaction needs of a wide range of clients, including large corporations, domestic and foreign investors, and individuals.

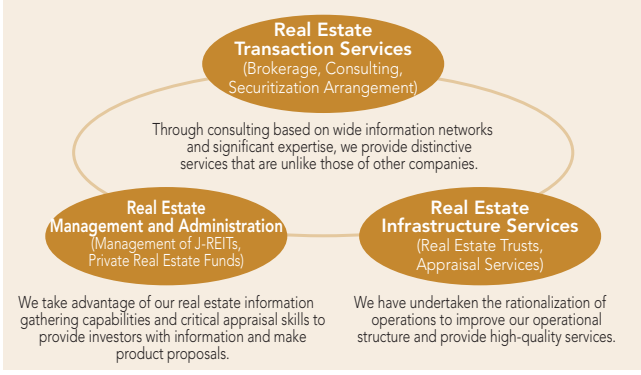
In our real estate transaction services covering real estate brokerage, consulting and real estate securitization arrangement, we provide distinctive services that are unlike those of other companies through consulting based on wide information networks and significant expertise. In our real estate management and administration covering management of J-REITs (Japanese Real Estate Investment Trusts) and private real estate funds, we draw on our real estate information gathering capabilities and critical appraisal skills to provide investors with information and propose products. In our real estate infrastructure services, which include real estate appraisal services and real estate trusts, we have been streamlining our operations to improve the operational structure and provide high-quality services. Through the flexible coordination of these services, all possible opportunities can be explored.

We are actively working to develop the environmentally friendly property business, which is expected to grow in tandem with the tightening of environmental regulations pertaining to real estate. Additionally, we are making every effort to globalize our Real Estate Business in order to meet the needs of overseas investors seeking to invest in Japanese real estate and the needs of domestic clients seeking to expand overseas.

Furthermore, we deploy highly skilled personnel with expertise in real estate in the major offices of the Retail Financial Services Business and the Wholesale Financial Services Business, and encourages these units to work in collaboration with the Real Estate Business.

We will continue our efforts to provide clients with total solutions that only a trust bank can offer, and instill in them a sense of security and trust.

### • Real Estate Business Model



## 2. Product and Service Outline

### Real Estate Transaction Services

**Real Estate Brokerage**

We take advantage of our vast experience and an extensive network to implement various procedures, ranging from survey of properties to price negotiations and the transfer of ownership for a wide range of properties, including office and condominium sites, factories, and commercial facilities. Sumitomo Mitsui Trust Realty Co., Ltd., under the umbrella of SuMi TRUST Bank, takes the central role in real estate brokerage for housing for individuals and small-sized commercial properties.

In addition, we provide broad-based support for intermediation for leasing as well as the buying and selling of real estate, including negotiations for leasing conditions, simulation of relocation costs and the introduction of independently sourced information on tenants and properties.

**Consulting on Effective Use of Real Estate and in Construction**

We take maximum advantage of know-how accumulated in overall real estate operations to provide various real estate consulting services to help clients effectively utilize their land and buildings.

In our CRE (Corporate Real Estate) consulting service, we review real estate property holdings and utilization strategies that are consistent with clients' corporate strategies, and analyze client-owned properties to propose strategies for making the most efficient real estate investments in order to enhance corporate value.

We are also making active efforts to provide comprehensive construction consulting services, ranging from the proposal stage of project planning to post-construction building management, as well as consulting services on environmentally friendly building construction that cover energy conservation, landscape considerations, ways for extending the life of a building, and the incorporation of recycling systems.

**Overseas Real Estate Business**

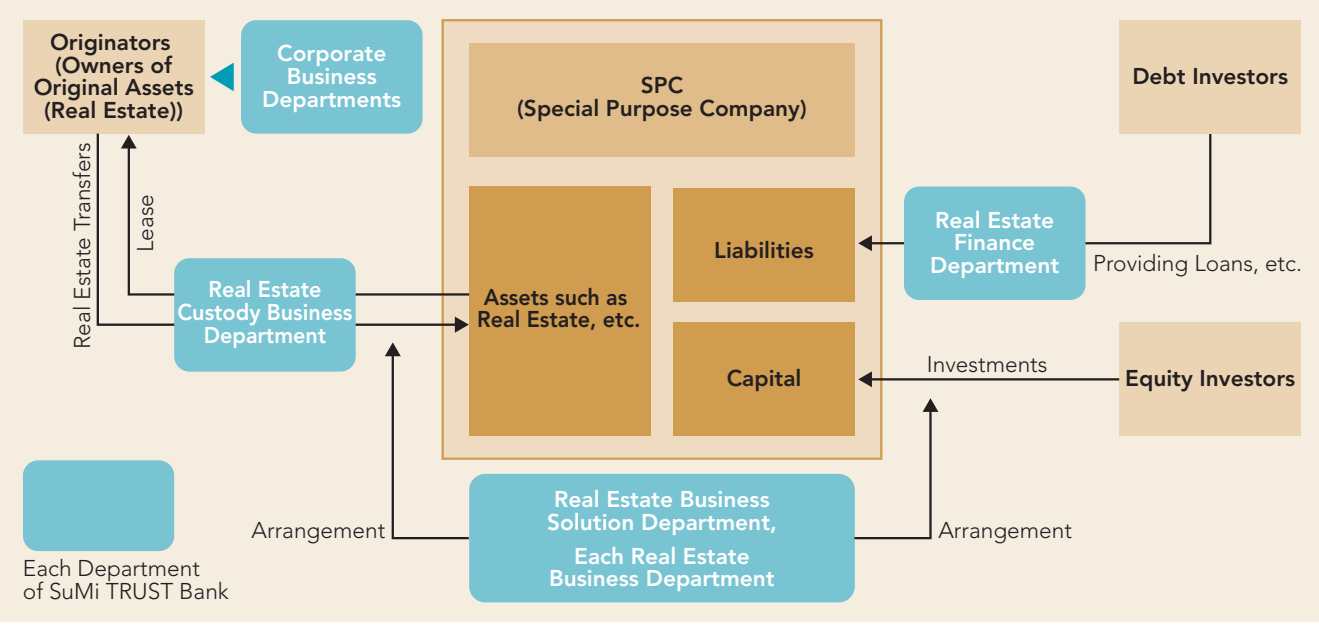
We engage in the Overseas Real Estate Business. Capitalizing on our overseas network, we provide arrangements for property investment in Japan for overseas clients, intermediation of property investments as well as business properties overseas for Japanese clients, and intermediation support to clients in need of renting their business premises overseas.

Furthermore, we actively engage in the Asset Management Business involving real estate investments by overseas customers, by utilizing asset management capabilities unique to a trust bank.

### Real Estate Securitization Arrangement

Real estate securitization has been widely used as a real estate investment tool as part of a company's financial strategies. As a pioneer that has been actively involved in real estate securitization since the early stage of securitization, SuMi TRUST Bank provides one-stop real estate securitization services covering the identification of client needs; the evaluation of real estate properties; arrangement (coordinating related parties and building a structure for securitization); fund-raising for equity-tranche; fund-raising for debt-tranche; and real estate management and operation after securitization.

• **Real Estate Securitization Schemes and the Role of SuMi TRUST Bank**



## Real Estate Management and Administration

### Real Estate Investment Advisory Services

We are developing business related to real estate investment advisory services. This includes providing investment information services for investors, as well as determining the composition of and offering real estate investment products.

We provide investors with comprehensive management services combining various real estate-related functions, and with information and investment advice utilizing our analytical capabilities regarding investment market trends, and the investment values and risks of structured real estate finance products.

Regarding J-REITs (Japanese Real Estate Investment Trusts), we provide advice on the acquisition and management of assets for investment, and support stable growth of J-REIT investment companies. We not only undertake general administrative services and asset custody procedures on behalf of the client, but also provide various support services based on past achievements and the know-how of SuMi TRUST Bank, which has developed REIT products serving as the sponsor.

• Flow of Real Estate Investment Consulting Services

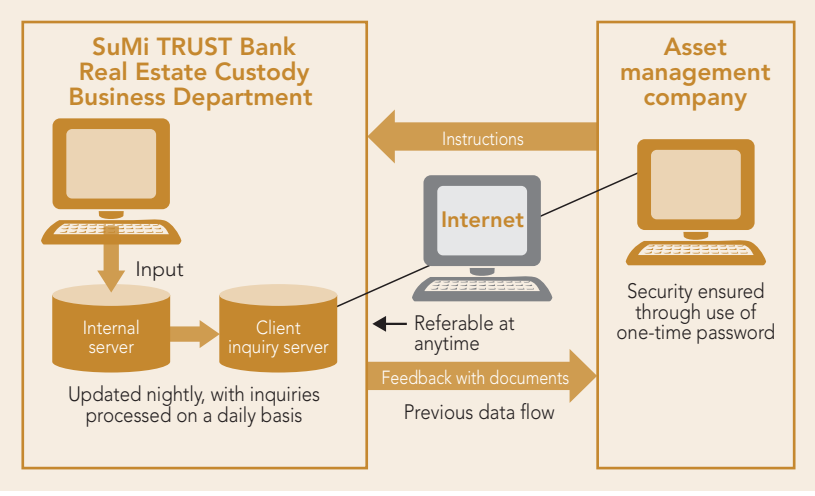


## Real Estate Infrastructure Services

### Real Estate Trusts

In order to meet the growing need for trust services in the real estate securitization market, we are promoting the rationalization of operations using a real estate total management system ("SMART") and enhancing our business structure. We have also been improving computer system functions to meet client needs, providing a service that enables investors and other clients to make inquiries about accounting information via the Internet.

- **Real Estate Total Management System's Internet Functions (for External Inquiries)**




### Real Estate Appraisal and Assessment

Accompanying such developments as the convergence of Japanese accounting standards with international standards, an acceleration in corporate mergers and acquisitions, and the expansion of CRE (Corporate Real Estate) strategies and real estate securitization, there is an ever growing need for real estate appraisal and assessment services that allow clients to know the value of their real estate properties in the first stage when considering real estate property holding and utilization strategies. The SuMi TRUST Group has earned high marks as an authoritative real estate appraisal agency with a large number of well-experienced real estate appraisers who have won a large number of appraisal and assessment orders from many private sector companies and public organizations. We will continue to take maximum advantage of our accumulated expertise to provide high-quality appraisal and assessment services.

## 3. Group Companies

| | |
|---|---|
| **Sumitomo Mitsui Trust Realty Co., Ltd.** | Sumitomo Mitsui Trust Realty provides not only brokerage services for the sale and purchase of residential properties, including land, single-family houses and condominiums, but also various services regarding real estate transactions for investment and business purposes utilizing SuMi TRUST Group's nationwide network. The company promptly responds to inquiries about the effective utilization, inheritance and donation of real estate, and also about housing loans. |
| **Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd.** | Sumitomo Mitsui Trust Real Estate Investment Management plays a role in SuMi TRUST Group's asset management business as a real estate investment management company, managing private real estate funds for investors, mainly institutional investors. Taking advantage of SuMi TRUST Group's comprehensive real estate capabilities, namely its powerful information network, real estate brokerage function, real estate trust function, and professional construction consulting and due diligence functions, the company provides fund management and asset management services. |
| **Top REIT Asset Management Co., Ltd.** | Top REIT Asset Management is a J-REIT (Japanese Real Estate Investment Trust) asset management company sponsored jointly by SuMi TRUST Bank and Oji Real Estate Co., Ltd. It is an asset manager for TOP REIT, Inc., investing mainly in office buildings, commercial facilities and residential real estate properties, utilizing the "real estate and financial know-how" of its sponsors, which have their own unique features. |
| **Mitsui & Co., Logistics Partners Ltd.** | Mitsui & Co., Logistics Partners was jointly established by MITSUI & CO., LTD., SuMi TRUST Bank and Kenedix, Inc. as an asset management company for J-REIT. It manages Japan Logistics Fund Inc. (JLF), which is the first Japanese REIT dedicated to logistics properties in Japan and invests in various domestic logistics facilities. |
| **Sumitomo Mitsui Trust Research Institute Co., Ltd.** | Sumitomo Mitsui Trust Research Institute is a think tank specializing in real estate. It conducts studies and proposals on urban problems, and theoretical and practical studies on real estate. Based on the accumulation of such studies, it provides clients with research and consulting services specializing in the real estate market and the real estate finance area. |

Review of Operations:

# Fiduciary Services Business




## 1. Business Outline

In our Fiduciary Services Business, we provide comprehensive, high-value-added services, ranging from pension plan design to asset management and administration, with an emphasis on growth potential, profitability and industry share, as a financial group that boasts the highest balances for both assets under management and assets under custody in Japan.

Our balance of assets under management stood at approximately ¥80 trillion (as of March 31, 2015), the highest among Japanese bank and securities company groups. The Fiduciary Services Business is working together with the SuMi TRUST Group as a whole to seamlessly deploy the high-level expertise and know-how that are highly regarded by clients in order to enhance our foundation as an asset management group.

The Fiduciary Services Business is made up of three businesses: the pension-related business, the asset management business, and the asset administration business.

In our pension-related business, as pension plan professionals, we propose optimal, tailor-made system designs for corporate clients wishing to introduce or alter corporate pension plans. In the area of defined contribution pension plans, we are working to improve the quality of service by responding to the diversifying needs of clients through initiatives such as enhanced convenience of online services and asset management seminars.

In our asset management business, we provide corporate clients, including domestic and overseas institutional investors, with advice about a wide variety of asset management services and investments, and also undertake product planning and the management of investment trusts that can be purchased by individuals as well as corporate clients. The business model of the Fiduciary Services Business represents the "provision of consulting & multiple plans/multiple products." Through in-depth consulting, we first develop a common understanding of the changing business environment and risk factors before offering asset management products. We propose products to our clients as optimized combinations of our rich product offering, and include both in-house developed products and those being offered by other financial institutions, with the aim of maximizing our clients' assets.

In our asset administration business, we provide corporate clients, including domestic and overseas institutional investors, with a wide range of services, including securities custody and settlement services, and securities lending operations. Overseas, we are engaged in the administrative operations of foreign securities and foreign-domiciled funds, and we are developing a comprehensive asset administration business both in Japan and overseas.

## 2. Product and Service Outline

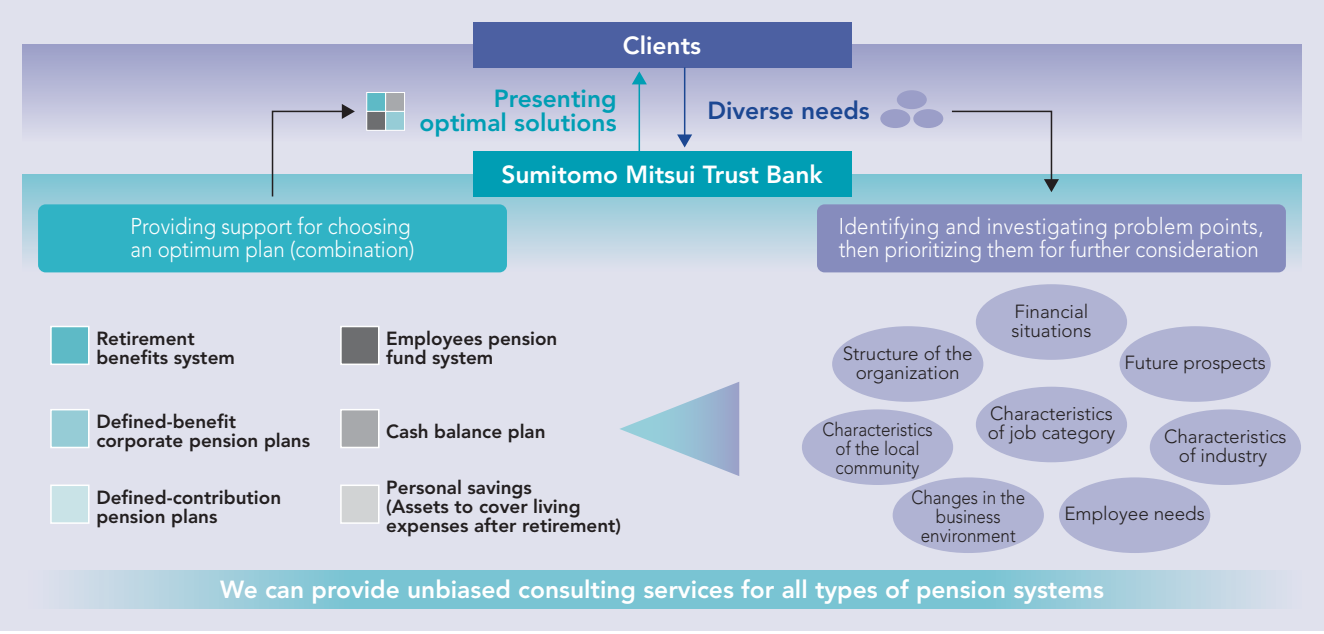
### Pension-related Business

**Consulting for Pension System Planning**

As pension systems professionals, we provide system planning consulting in the form of optimized, tailor-made plans that reflect a comprehensive assessment that encompasses management strategy as well as the personnel and financial situations of individual corporate clients to help them introduce corporate pension systems or to modify existing systems. We handle both defined-benefit and defined-contribution pension plans. Moreover, in order to realize our clients' goals, we offer practical support concerning system introduction and management, including labor-management consultations and negotiations with government and regulatory authorities. If necessary, we also extend total support for overall personnel administration and employee welfare by providing support for personnel and salary systems, for example.

Furthermore, the number of companies adopting defined-contribution pension plans and the number of pension beneficiaries have been steadily increasing. In concert with these trends, the types of operation and administration services required by our clients have become increasingly diversified over the years. In response, we have upgraded the quality of our services by providing simulations through an Internet-based service for enhanced convenience, and by offering seminars on asset investment, which focus on financial planning for post-retirement years. By enhancing the quality of such services in this way, we are able to meet the needs of both business owners and pension beneficiaries.

• **Flow of Consulting Services**



### Pension Investment Consulting

The business model of the Fiduciary Services Business for asset management represents the "provision of consulting & multiple plans/multiple products," beginning with consulting, in which we discuss with clients their objectives and the most appropriate course for asset management. In these consultations, we first come to a common understanding of anticipated risk factors and changes in the business environment, such as rising interest rates and declining stock prices, after which we offer asset management products that match the individual client's needs. In product selection, we propose optimized combinations of a rich product offering, drawing on both in-house developed products and those of other financial institutions. In our reorganization, we established a function-specific structure, giving top priority to the provision of comprehensive solutions that combine "high-quality investment consulting" and "a rich selection of high-quality products." Research, especially, serves as the foundation for asset management, and with this in mind we will further enhance our investigation, analysis and due diligence monitoring systems.

### Administration of Subscribers and Beneficiaries

In our administration of subscribers and beneficiaries and our benefit payment services, we use a state-of-the art system complemented by a rigorous risk management system. We use the Internet for confirming subscriber and beneficiary registration data and for making electronic data available for the preparation and registration of various reports and notices, as well as the production of report materials and ledger sheets.

We have also developed a comprehensive security setup, giving full consideration to security through the adoption of an electronic authentication system and the preparation of a "business continuity plan" for responding to emergencies.

## Asset Management Business

### Asset Management Products and Services

The SuMi TRUST Group has a large number of experienced analysts and fund managers. These professionals, who possess significant expertise, together with a rich product lineup and consulting capabilities provide a solid foundation for our asset management expertise.

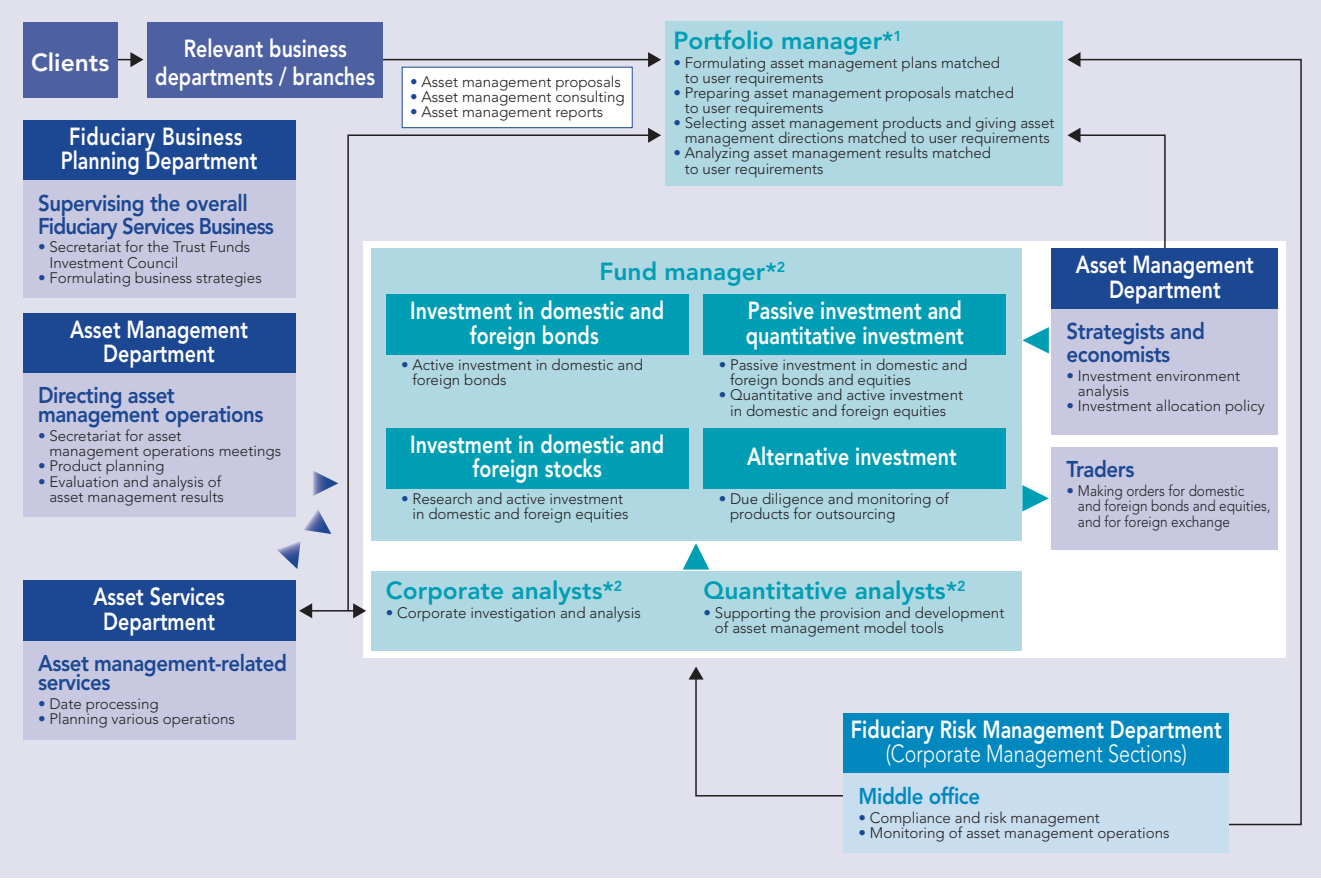
In addition to people with such significant expertise and other resources, the SuMi TRUST Group has enhanced its capability to create added value by drawing on a wide variety of know-how.

In the future, the SuMi TRUST Group will expand the systems for investigation, analysis and due diligence to further improve its research capabilities, which serve as the foundation for asset management, with the aim of becoming an asset management organization that can survive global competition.

### Asset Management Structure

In order to provide comprehensive solutions, we have formed a function-specific structure to specify how to delineate the responsibilities of analysts, fund managers and other specialists. An increasing number of financial products have complicated mechanisms and characteristics. Accordingly, it has become important to provide services that meet client needs and help clients fully understand the risks that accompany individual financial products. For this reason, the SuMi TRUST Group has positioned compliance as one of the most important management issues, and has increased the number of compliance managers and enhanced the checking function by a division that is under the direct control of the officer in charge of compliance.

#### • Asset Management Structure of SuMi TRUST Bank



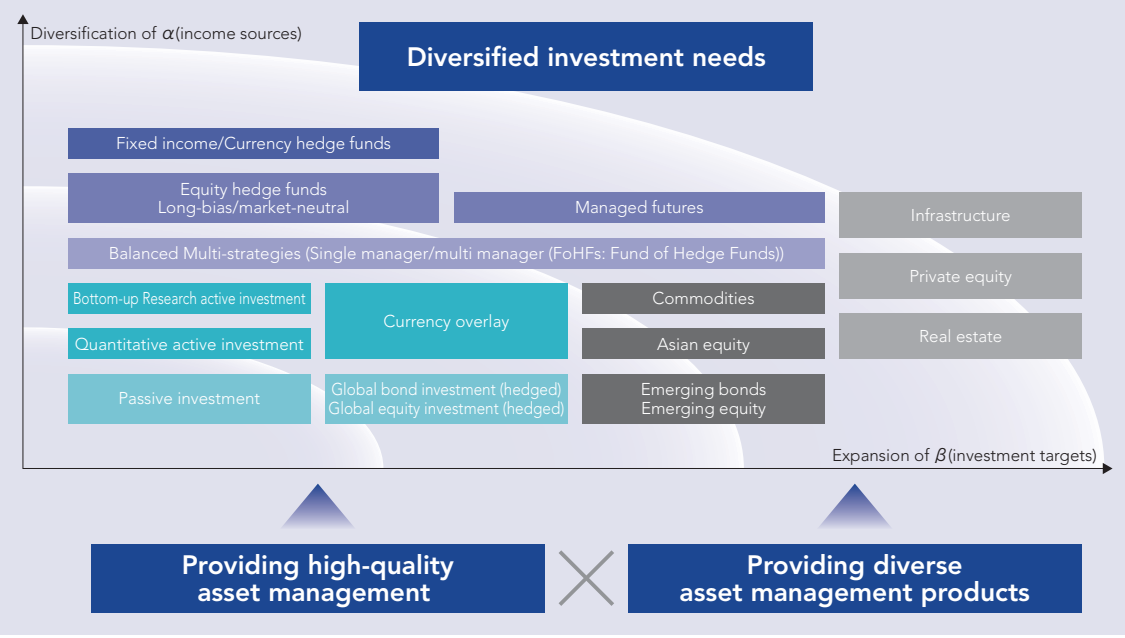

*1 Portfolio managers etc. : Pension Investment Department, Pension Funds Administration Department, Trust Funds Investment Department, Global Fiduciary Business Department

*2 Fund managers and analysts: Fixed Income Investment Department, Equity Investment Department, Investment Research Department, Passive and Quantitative Investment Department, Alternative Assets Investment Department

### Providing High-quality Products

We provide a high-quality, multi-product lineup for comprehensive solutions to meet clients' requirements.

#### • Multi-product Lineup




* Balanced Multi-strategies is a registered trademark of Sumitomo Mitsui Trust Bank, Limited.

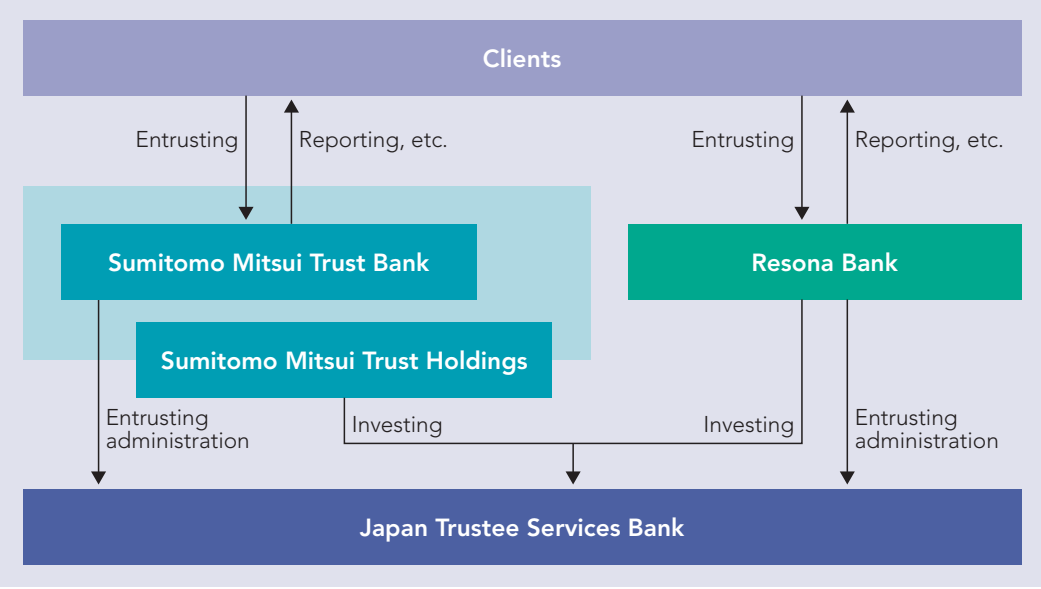
## Asset Administration Business

Both in Japan and overseas, we provide a wide range of securities processing services, including the administration and settlement of securities in which clients have invested, the preparation of reports for clients regarding the status of asset management and administration of securities lending operations. Our asset administration business in Japan is provided through Japan Trustee Services Bank, Ltd. Overseas, our subsidiaries in the United States, the United Kingdom and Luxembourg provide global custody services to administer securities custody services in foreign markets, while our subsidiary in Ireland conducts foreign-domiciled fund administration operations. In this way, we are developing a comprehensive asset administration business both in Japan and overseas.

### Pursuing Economies of Scale

Seeking to capitalize on economies of scale in asset administration operations, we have entrusted the administration of trust assets to Japan Trustee Services Bank, Ltd. The SuMi TRUST Group and Resona Bank, Limited have jointly invested in Japan Trustee Services Bank, which is Japan's largest asset administrator, with entrusted assets of ¥226 trillion (as of March 31, 2015). We have concentrated the know-how and management resources accumulated by relevant companies over a long time to deliver high-level asset administration services to clients, and to utilize the returns granted by economies of scale to make the execution of these services all the more efficient.

**• Flow of Operations**




### Overseas Asset Administration Business

Through its subsidiaries in the United States, the United Kingdom and Luxembourg, the SuMi TRUST Group provides global custody services, which are custody services for securities in foreign markets held by domestic and overseas investors. In addition, a subsidiary in Ireland provides foreign-domiciled fund administration operations (fund administration etc.).

## 3. Group Companies

**Sumitomo Mitsui Trust Asset Management Co., Ltd.**

As an asset management company directly under the SuMi TRUST Group, Sumitomo Mitsui Trust Asset Management's assets under management total ¥6,668.8 billion (as of March 31, 2015). Utilizing SuMi TRUST Group's comprehensive capabilities, the company conducts investment management and high-quality marketing support operations, meeting the asset management needs of a wide range of clients, from individuals to corporations. Sumitomo Mitsui Trust Asset Management is highly evaluated among peers for its excellent products and services. Its portfolio contains several award-winning funds including the winner of the Morningstar Award "Fund of the Year 2014." It has been selected as the best asset manager in the bond group of Japan DC Funds by "Lipper Fund Awards Japan 2015."

**Nikko Asset Management Co., Ltd.**

As an independent asset management company in the SuMi TRUST Group, Nikko Asset Management engages in asset management operations featuring strengths in product development capabilities, asset management expertise and marketing support capabilities. With ¥19,426.8 billion in assets under management (as of March 31, 2015), the company has earned high marks in the industry. Attesting to its global expertise accumulated over a long time, it won the "Fund House of the Year 2015 (Japan)" presented to the best asset manager in Japan, as part of the "Asian Investor Asset Management Awards 2015" in April 2015. It offers high-value-added products and services to a wide range of clients, including individuals as well as corporations, through its diverse domestic and overseas sales networks.

**Sky Ocean Asset Management Co., Ltd.**

Sky Ocean Asset Management is an asset management company established in November 2014, as a joint venture between SuMi TRUST Bank and the Bank of Yokohama, Ltd., which started operating in April 2015. The company provides customers with products that facilitate stable asset management on a medium- to long-term basis.

**Japan Trustee Services Bank, Ltd.**

Japan Trustee Services Bank is a trust bank specializing in asset administration business on one of the largest scales in Japan. Utilizing the trust assets that have been entrusted by SuMi TRUST Bank and Resona Bank, Limited, it provides securities administration services for corporate pension trusts and securities investment trusts and other trusts, and performs trust operations and banking operations related to asset administration. As a leading and highly specialized trust bank that focuses on the custody business, the bank takes advantage of one of the largest scale of assets in Japan to efficiently administer clients' assets and data and provide high-quality services.

| | |
|---|---|
| **Japan Pension Operation Service, Ltd.** | Japan Pension Operation Service is a joint venture between SuMi TRUST Bank and Mizuho Trust & Banking Co., Ltd. In the administration of corporate pension funds, it performs processing, undertakes computer system development, and operates systems. |
| **Sumitomo Mitsui Trust Bank (U.S.A.) Limited** | Sumitomo Mitsui Trust Bank (U.S.A.) is a wholly owned subsidiary of SuMi TRUST Bank. It acts as the central base of SuMi TRUST Group's global custody services, coordinating a network of more than 90 markets around the world. Making full use of its strengths as a Japanese custodian bank, Sumitomo Mitsui Trust Bank (U.S.A.) offers Japanese-language support and other fine-tuned and high-quality custody services, giving full consideration to the needs of institutional investors. |
| **Sumitomo Mitsui Trust Bank (Luxembourg) S.A.** | Sumitomo Mitsui Trust Bank (Luxembourg) is a wholly owned subsidiary of SuMi TRUST Bank. It conducts foreign securities administration operations, mainly in the European market as a sub-custodian bank and as a European contact for Sumitomo Mitsui Trust Bank (U.S.A.). |
| **Sumitomo Mitsui Trust International Limited** | Sumitomo Mitsui Trust International is a wholly owned subsidiary of SuMi TRUST Bank. It offers fiduciary and sales services of investment products for overseas investors, as well as securities lending services, mainly for Japanese and European stocks. |
| **Sumitomo Mitsui Trust (UK) Limited** | Sumitomo Mitsui Trust (UK) is a wholly owned subsidiary of SuMi TRUST Bank. It conducts administration operations for securities and other investments held by domestic and overseas investors. |
| **Sumitomo Mitsui Trust (Ireland) Limited** | Sumitomo Mitsui Trust (Ireland) is a wholly owned subsidiary of SuMi TRUST Bank. It conducts foreign-domiciled fund administration operations. |

Review of Operations:

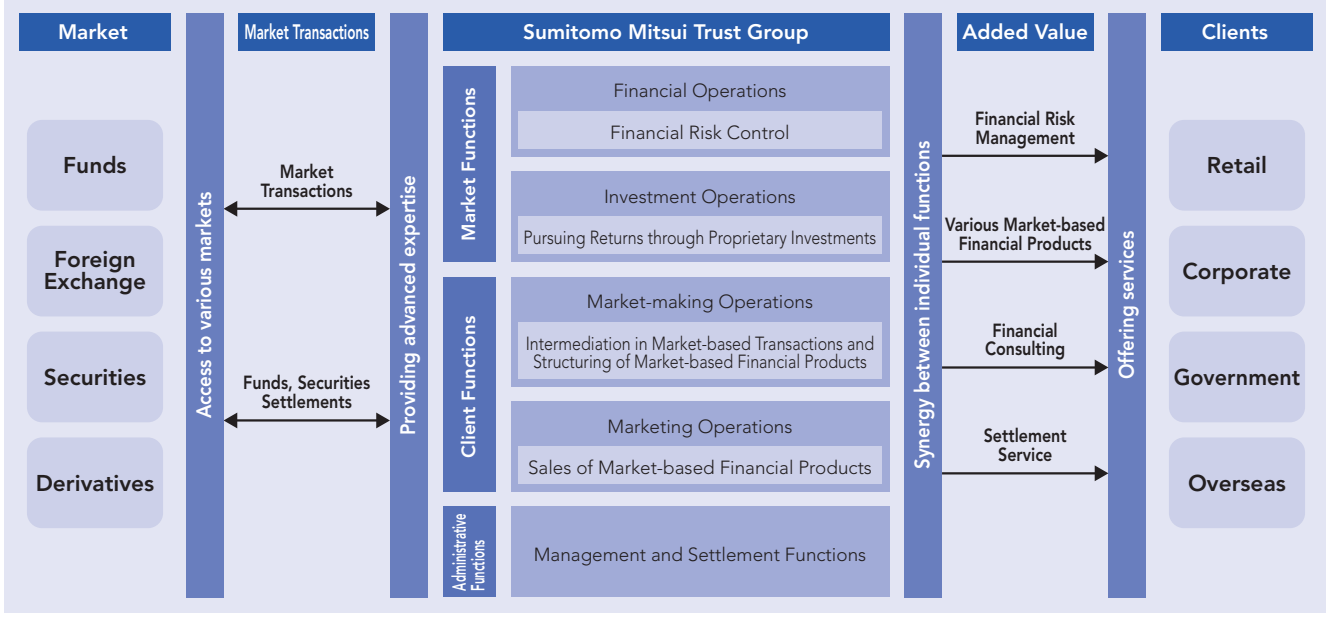
# Global Markets Business




## 1. Business Outline

As experts in the management of market volatility, we meet our clients' needs for asset management and risk management regarding such matters as interest rate derivatives and foreign exchange-related transactions by providing solutions through the structuring and marketing of market-based financial products. Our global markets business functions are broadly divided into market functions, client functions and administrative functions. Market functions are comprised of financial operations and investment operations. Client functions, providing services to both individual and corporate clients, include market-making operations and marketing operations.

### • Global Markets Business Model



## 2. Product and Service Outline

### Market Functions

**Financial Management Operations**

Financial management operations are intended to control market risks, in order to secure stable earnings from a company-wide perspective. We analyze market environments, measure the market risks faced by the SuMi TRUST Group, and plan and execute the necessary hedging operations (transactions to avoid or reduce risk).

**Investment Operations**

Through our proprietary trading operations, we invest in a wide variety of financial instruments such as bonds, stocks, credits, real estate, and commodities. To disperse risk and maximize profit, we categorize the investment business into three dimensions of strategy, capability and holding period, and allocate them as intelligently as possible.



Ris-Navi is a system that can perform risk management and analysis of complex financial instruments. Many products that have complicated mechanisms lack a declared value, etc. We provide this service in response to customers who have expressed a wish to have a more detailed understanding of the actual status of assets in a timely and appropriate manner.

### Client Functions

**Market-making Operations**

Our market-making operations are intermediary services to clients for various market-based transactions, including foreign exchange-related transactions and interest rate derivatives. We also work to supply high-quality, low-priced, market-based financial products by making full use of our financial technology.

**Marketing Operations**

In close cooperation with the Client Business Division (the Retail Financial Services Business, the Wholesale Financial Services Business, the Stock Transfer Agency Services Business and the Real Estate Business), we offer market-based financial products and financial consulting services that match client needs in a timely manner at an appropriate price.




In order to allow many people to deepen their understanding of financial markets and financial products, the Global Markets Business has issued *The Financial Markets Forecasting Handbook for Investors* (published by NHK Publishing, Inc.) and *Derivatives: 333 Keywords* (published by Kinzai Institute for Financial Affairs, Inc.).

### Administrative Functions

We administer and settle market-based transactions, providing high-quality administrative services to correctly process complex and large-volume administration and settlement transactions.

Review of Operations:

# Other Subsidiaries

| | |
|---|---|
| **Sumitomo Mitsui Trust Business Service Co., Ltd.** | Sumitomo Mitsui Trust Business Service Co., Ltd. is a wholly owned subsidiary of SuMi TRUST Bank. It receives consignments for administrative processing and performs temporary staffing and employment placement assignments, providing reliable and efficient high-quality clerical services as well as precise and swift staffing and job placement mainly for SuMi TRUST Bank and SuMi TRUST Group companies. |
| **Sumitomo Mitsui Trust Systems & Services Co., Ltd.** | As a company supplying IT systems support for SuMi TRUST Group, Sumitomo Mitsui Trust Systems & Services Co., Ltd. provides a wide range of high-quality comprehensive services from systems-related planning and proposals to development of large projects as well as systems management. |
| **HR One Corporation** | HR One Corporation is one of Japan's largest outsourcing service companies for human resources-related business processes. It has received contracts from over 200 companies including its major shareholders, Panasonic Corporation, Mitsubishi Corporation, Kao Corporation, and SuMi TRUST Bank. The company drives growth in the BPO market by providing high-quality services and leveraging economies of scale. The company also provides services to Japanese companies in China through its local subsidiary in Shanghai, China. |

## Management Structure:


Corporate Governance, Internal Control . . . . . 56

Compliance System . . . . . 59

Client Protection Management . . . . . 61

Risk Management . . . . . 62

Capital Management . . . . . 64

Information Disclosure System and Internal Auditing . . . . . 65

Efforts to Enhance Customer Satisfaction . . . . . 66

Initiatives to Facilitate Financing . . . . . 67

CSR (Corporate Social Responsibility) . . . . . 69

Management Structure:

# Corporate Governance, Internal Control

## 1. Basic Policy

In order to adhere to the principles of sound management based on a high degree of self-discipline with the background of fiduciary spirit and establish strong credibility from society, Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") shall commit itself to enhancing its corporate governance system in line with the following fundamental perspectives, with the objective of supporting sustainable growth and medium- to long-term enhancement of the corporate value of the Sumitomo Mitsui Trust Group (the "SuMi TRUST Group").

**—Fundamental Perspectives—**

- SuMi TRUST Holdings shall respect shareholder rights, and endeavor to develop an environment in which shareholders can exercise their rights appropriately and effectively, and to secure effective equal treatment of shareholders.
- By recognizing the importance of its social responsibilities and public mission, SuMi TRUST Holdings shall endeavor to appropriately cooperate with its stakeholders such as shareholders, customers, employees, business partners, and local communities, and to establish a corporate culture where it conducts sound business operations based on a high degree of self-discipline.
- In order to establish the basis for constructive dialogue with its stakeholders, SuMi TRUST Holdings shall separately set out its Disclosure Policy, and endeavor to appropriately disclose corporate information, including non-financial information, and ensure the transparency of its corporate management.
- As a financial holding company with the function of managing the business execution of the SuMi TRUST Group, SuMi TRUST Holdings shall endeavor to ensure the Board of Directors' role of effective oversight of the business execution.
- SuMi TRUST Holdings shall engage in constructive dialogue with its stakeholders in order to contribute to sustainable growth and medium- to long-term enhancement of the corporate value of SuMi TRUST Holdings.

## 2. Outline of Corporate Governance System

### (1) Role of SuMi TRUST Holdings in the SuMi TRUST Group

In the SuMi TRUST Group, there is a management structure which allows Sumitomo Mitsui Trust Bank ("SuMi TRUST Bank"), Sumitomo Mitsui Trust Asset Management and Sumitomo Mitsui Trust Research Institute to pursue their respective business activities in an independent manner. As a holding company, SuMi TRUST Holdings focuses on the management of business operations, taking responsibility for the following functions.

- Formulating group management strategy,
- Monitoring administration of business activities,
- Allocating management resources,
- Supervising risk management,
- Supervising compliance management and
- Managing internal auditing.

### (2) Business Execution and Supervision System

SuMi TRUST Holdings has adopted the form of a company with a Board of Corporate Auditors, in which directors familiar with the business decide on its important business-execution matters.

SuMi TRUST Holdings has established the Board of Corporate Auditors of which at least half of the members are external corporate auditors. In addition, SuMi TRUST Holdings has decided that it will operate in principle with a ratio of independent external directors of at least one third of the members of its Board of Directors, and has stated this in the Basic Policy on Corporate Governance of SuMi TRUST Holdings.

SuMi TRUST Holdings has voluntarily established a Nominating and Compensation Committee and an Audit Committee, of which the majority of members are, in principle, composed of external directors, as advisory bodies to its Board of Directors in order to further enhance its corporate governance system. With the establishment of these two committees, SuMi TRUST Holdings aims to further ensure management transparency and appropriateness of processes when deciding important matters regarding nomination and compensation of directors/corporate auditors and internal audits, among other matters.

SuMi TRUST Holdings has appointed four corporate auditors, including two external corporate auditors. Its Board of Corporate Auditors has been composed of all of these corporate auditors.

The Executive Committee has been established under the

Board of Directors and is chaired by the President with the participation of relevant officers. The Executive Committee addresses material issues relating to the execution of business activities in line with the basic policy established by the Board of Directors, and undertakes preliminary discussions pertaining to the Board of Directors' resolutions.

The CSR Council and other committees, such as the Enterprise Risk Management Committee, have also been established.

This system works to ensure the transparency and soundness of management, and faster decision making.

**(3) Internal Control**

The internal control system has been designed to prevent the occurrence of misconduct by putting in place various mechanisms and rules for the purpose of conducting sound management in the company. Essentially, there are four objectives of the internal control system: (1) the effectiveness and efficiency of operations, (2) the reliability of financial reporting, (3) the compliance with laws and ordinances concerning business activities, and (4) the safeguarding of assets. A company achieves these objectives by developing and operating its internal control system.

At SuMi TRUST Holdings, in order to accomplish the four above-mentioned objectives, the Board of Directors decides its Basic Policy on Internal Control for the development of the following systems: (1) Compliance system, (2) Risk management system, (3) Business execution system, (4) System to obtain transparency of management, (5) Management system to ensure the appropriateness of operations at the SuMi TRUST Group, (6) Information storage and management system, (7) Internal auditing system, and (8) System regarding audits by corporate auditors. For the systems that have been developed and operated based on these policies, please refer to pages 56-65.

**(4) Audit**

SuMi TRUST Holdings has adopted a corporate auditor system, with a Board of Corporate Auditors comprised of two full-time corporate auditors and two part-time corporate auditors (external corporate auditors), a total of four corporate auditors.

The corporate auditors audit the directors' execution of duties in accordance with the policy on audits and the allocation of duties as determined by the Board of Corporate Auditors. Specifically, the corporate auditors attend important meetings including the Board of Directors' meetings and receive reports from directors and general managers of headquarters regarding the status of the execution of duties. They also peruse important documents, hear reports from general managers at headquarters and receive business reports from subsidiaries when necessary.

The full-time corporate auditors work to share information with part-time corporate auditors at the Board of Corporate Auditors' and liaison meetings by giving them reports on audit information collected in their daily audit activities. These reports include information on proposals put forward at important meetings such as those of the Executive Committee, and the content of investigations of SuMi TRUST Holdings and subsidiaries. Part-time corporate auditors perform auditing from multi-faceted perspectives, such as those of legal and corporate management, in addition to stating their opinions at the meetings of the Board of Directors and Board of Corporate Auditors, among other activities.

Corporate auditors hold periodic meetings with the Accounting Auditors in which they receive auditing information, as well as reports on auditing plans, the status of auditing performed, and auditing results, among other information, and also exchange opinions and share information as needed. They also monitor and verify whether the Accounting Auditors have maintained an independent standpoint and performed audits appropriately. At periodic meetings with the internal audit unit, corporate auditors receive reports and exchange opinions on internal auditing results, give recommendations and indications to the internal audit unit, and exchange information as needed. This system works to maintain the effectiveness of auditing by corporate auditors and to build strong cooperation among the three types of auditing: internal auditing, auditing by Accounting Auditors, and auditing by corporate auditors.

Regarding internal auditing*, an internal audit unit has been established, which is independent of units pertaining to business execution. The internal audit unit creates policy on the development of the internal auditing system and the internal auditing plans of SuMi TRUST Group, performs internal auditing for each business execution unit, and indicates and recommends points to be improved. It also periodically, as appropriate, reports to the Board of Directors on internal auditing results and the status of the progress and achievement of the internal auditing plans. The Audit Committee was established on June 26, 2015, as an advisory body to the Board of Directors to create a framework in which important matters such as internal audit plans shall be preliminarily reviewed by the committee and then reported to the Board of Directors.

* For details concerning internal auditing, please refer to page 65.

## 3. Independence of Directors/Corporate Auditors

### (1) Directors

SuMi TRUST Holdings has established nomination policies of external directors in the Basic Policy on Corporate Governance. External directors are decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) A person who satisfies the Independence Standards of Independent Directors/Corporate Auditors of SuMi TRUST Holdings (the "Independence Standards"), and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) A person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; (iii) A person who fully recognizes the role of external director, and who is able to oversee SuMi TRUST Holdings' directors and management, and provide proper and appropriate opinions and advice, by leveraging the person's knowledge and activities in fields such as corporate management, economy, legal affairs, accounting, tax accounting, and auditing.

SuMi TRUST Holdings have decided that it will operate in principle with a ratio of independent external directors of at least one third of the members of its Board of Directors, which executes the management functions for the all SuMi TRUST Group's businesses, and that it will strive to further enhance its management structure and corporate governance. Following this, SuMi TRUST Holdings appointed two new external directors at the ordinary general meeting of shareholders held on June 26, 2015, and the number of external directors was increased to three. Furthermore, these three external directors, including the two newly appointed external directors, were appointed as independent officers as they satisfied the Independence Standards.

**Reasons for the Appointment of External Directors**

Soichi Shinohara: President of Kyoto Gakuen University. Mr. Shinohara was appointed external director, as he was expected to offer his wealth of knowledge about, and sophisticated insight into, economic issues both at home and abroad to further enhance the quality of SuMi TRUST Holdings' management. He developed his knowledge and insight in his capacity as an economist specializing in international economics and macroeconomics.

Takeshi Suzuki: Formerly an executive at Toyota Motor Corporation and Aioi Nissay Dowa Insurance Co., Ltd. Currently External Director of AICHI CORPORATION: Mr. Suzuki was appointed as an external director. He was expected to offer his wealth of experience and extensive insight developed in his capacity as a senior executive of a company to further enhance the quality of the management of SuMi TRUST Holdings.

Mikio Araki: President of The Japan Economic Research Institute, External Director of Kintetsu Group Holdings Co., Ltd. and External Auditor of Japan Freight Railway Company: Mr. Araki was appointed as an external director, having served as Deputy President (Representative Director) of Development Bank of Japan Inc. He was expected to offer his wealth of experience and extensive insight about finance developed in his capacity as a business leader to further enhance the quality of the management of SuMi TRUST Holdings.

### (2) Corporate Auditors

SuMi TRUST Holdings has established nomination policies of external corporate auditors in the Basic Policy on Corporate Governance. External corporate auditors are decided from among a wide range of diversified individuals pursuant to the following nomination policies: (i) A person who satisfies the Independence Standards, and who is deemed unlikely to give rise to conflicts of interest with general shareholders of SuMi TRUST Holdings; (ii) A person who understands SuMi TRUST Holdings' management principles, and fully understands the social responsibilities and roles of SuMi TRUST Holdings as a trust bank group; (iii) A person who fully recognizes the role of external corporate auditor, and who is able to oversee the execution of business by directors from a neutral and objective standpoint, by leveraging the person's knowledge and activities in fields such as corporate management, economics, legal affairs, accounting, tax accounting, and auditing, and who is thereby able to contribute to enhancing the soundness and transparency of SuMi TRUST Holdings' management.

The Board of Corporate Auditors at SuMi TRUST Holdings is comprised of two full-time corporate auditors and two part-time corporate auditors (external corporate auditors), a total of four corporate auditors. Of these corporate auditors, the two external corporate auditors are in place to ensure the independence of audit functions. Furthermore, these two external corporate auditors were appointed as independent corporate auditors, as they satisfied the Independence Standards.

**Reasons for the Appointment of External Auditors**

Tetsuya Yoshimoto: Mr. Yoshimoto was appointed as an external auditor, having served in executive positions as a judge and Chairman of the National Public Service Ethics Board after retirement. He was expected to offer his wealth of experience in the legal community and high sense of morality to further enhance the quality of audits at SuMi TRUST Holdings.

Shinichi Saito: Representative Director, President and CEO of Japan Industrial Solutions Co., Ltd. and External Director of Sharp Corporation. Mr. Saito was appointed external auditor to further enhance the quality of audits at SuMi TRUST Holdings. He was expected to offer his wealth of experience in, and insight into, areas including treasury, accounting, overseas business, finance, and corporate rehabilitation, drawing on his career in the finance functions at a major trading conglomerate as well as in the consulting business at a leading auditing firm.

# Compliance System



## 1. Basic Initiative Policy

With recent progress in deregulation of the financial industry, financial transactions and services are diversifying, and there is a need to work on various issues by thorough implementation of the self-responsibility principle and self-help efforts in financial institutions. Under these conditions, to maintain and enhance the trust of clients, sound and appropriate management based on strict self-discipline is essential. From this viewpoint, the SuMi TRUST Group positions compliance as one of the most important management issues.

Compliance means adherence to various rules such as laws, regulations, market rules, and internal company rules, in addition to conformity to social norms. Trust is SuMi TRUST Group's greatest asset, and achieving compliance is naturally a basic principle. Executives and each individual employee must solidly practice compliance in our daily operations.

To achieve thorough compliance and an appropriate system which suits "The Trust Bank," the SuMi TRUST Group has established Codes of Conduct ("Value") and specific compliance standards in the Compliance Rules. A checking system and promotion system are also developed, so the SuMi TRUST Group complies with these and carries out sincere and fair company activities. By developing these systems, the SuMi TRUST Group is promoting various initiatives to address issues and problem points and to enable appropriate action based on self-discipline.

### Compliance Standards for Executives and Employees

1. Gain the trust of society
2. Respond resolutely to antisocial forces
3. Prevent improper use of financial functions by organized crime
4. Ensure transparency of management
5. Build sound and normal relations with interested parties
6. Thorough implementation of fair activities
7. Thorough control of information
8. Enhance workplace order

## 2. Outline of Initiatives

**(1) Group Compliance System**

The SuMi TRUST Group positions supervision of the entire group's compliance structure as one of the most important functions of the holding company. The holding company's Compliance Rules establish standards which executives and employees must follow.

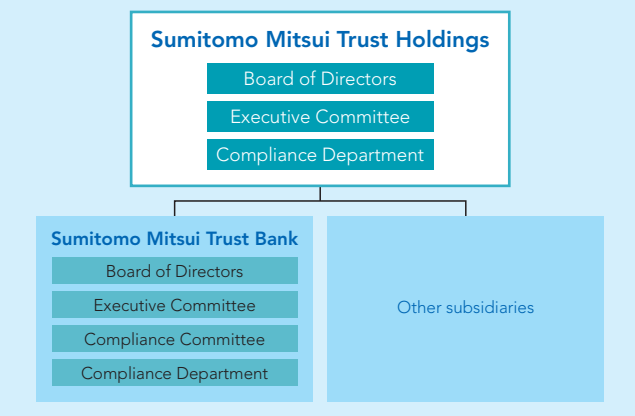
The Compliance Department is established in the holding company as the department to manage compliance for the whole group. This department creates a compliance policy, and monitors the situation of compliance management and execution. The Compliance Department reports to the Executive Committee on its findings regarding the status of compliance management and execution.

For specific practice plans in various measures on compliance, a Compliance Program is made each fiscal year, and progress status is periodically assessed.

SuMi TRUST Bank also established the Compliance Department as a department to manage compliance. Based on the compliance policy established by the holding company, this department creates its compliance policy and Compliance Program, and monitors the situation of compliance management and execution. Also, the Compliance Department reports to the Executive Committee on its findings regarding the status of compliance management and execution after examined by the Compliance Committee, which is chaired by a director who is in charge of the Compliance Department.

Other subsidiaries develop appropriate compliance systems which suit their own operations' characteristics,

• Group Compliance Structure



based on the compliance policy established by the holding company.

In addition, in order to promptly and appropriately cope with any violation, SuMi TRUST Holdings has established a compliance hotline through which all executives and employees can directly report violations to the Compliance Department and an external attorney's office, without having to go through regular reporting channels.

**(2) Initiatives to Foster Compliance Awareness**

In order to foster compliance awareness throughout the SuMi TRUST Group, a Compliance Manual is created for the holding company and each group company, and employees are thoroughly informed about the laws, regulations, various rules and items which must be followed.

The SuMi TRUST Group is also enhancing training courses including a course for the rules to strictly comply with the insider trading regulations, and each company's compliance department has the primary responsibility for providing training as to company-wide compliance themes. Meanwhile, the person in charge of compliance at each company is responsible for enhancing compliance awareness and ensuring thorough compliance with regard to characteristics of business and product and client attributes of the company by implementing training and study in his/her workplace and providing guidance and instructions in daily work processes.

## The SuMi TRUST Group Privacy Policy

We at the SuMi TRUST Group, in the utmost effort to protect the personal information of our clients and shareholders, have established the following policies, and we declare to abide by this policy.

**1. Compliance with all Applicable Laws and Regulations, etc.**
The companies in the SuMi TRUST Group shall comply with the laws pertaining to the protection of personal information and guidelines set forth by government agencies including other standards.

**2. Appropriate Acquisition**
The companies in the SuMi TRUST Group shall obtain personal information from clients only to the extent necessary for our operations and only through proper and legal means.

**3. Purpose of Use**
The companies in the SuMi TRUST Group shall notify or announce how the personal information shall be used, and shall only use it within the confines of the prescribed purpose except as otherwise provided by laws and regulations, and shall not use it for any other purpose.

**4. Consignment**
If the companies in the SuMi TRUST Group consign the handling of the personal information, then the consignee shall be properly supervised to promote the safe management of the personal information.

**5. Offering to Third Parties**
The companies in the SuMi TRUST Group shall not provide to any third party personal information held for clients without obtaining prior consent from the client except in cases specified by laws and regulations. However, if the companies in the SuMi TRUST Group provide a client's personal information consequent to the succession of business in a merger or otherwise or if it is shared with a specified party set forth separately, then the personal information held for the client may be provided to the third party without obtaining the client's consent.

**6. Responding to Inquiries from Clients, etc.**
The companies in the SuMi TRUST Group shall establish the procedures for correcting and disclosing personal information, and any inquiries concerning questions, suggestions or inquiries and corrections of content, etc. related to personal information shall be handled quickly and accurately.

**7. Safety Measures**
The companies in the SuMi TRUST Group take appropriate safety measures in terms of their organizations, personnel affairs, and systems to manage personal information, and the governance framework necessary to protect personal information has been developed.

**8. Continuous Improvement**
The companies in the SuMi TRUST Group continually review and strive to improve the compliance program for protecting personal information. All executives and employees are trained to understand the importance of protecting personal information and to appropriately handle personal information.

# Client Protection Management



## 1. Basic Initiative Policy

Amid growing number of financial products with ever more complex mechanisms and unique characteristics, there is a strong need for financial institutions to properly and fully explain to clients the mechanisms and risks of those products and gain their understanding. It is also increasingly important that financial institutions appropriately respond to complaints and requests from clients and properly manage client information.

Under such conditions, the SuMi TRUST Group positions client protection as one of its most important management issues. To meet client expectations of and trust in the SuMi TRUST Group, SuMi TRUST Holdings established the basic policy in its Client Protection Management Rules to enable each group company to enhance client protection and convenience.

A checking system and promotion system are also developed, so the SuMi TRUST Group complies with these and carries out sincere and fair company activities. By developing these systems, the SuMi TRUST Group is promoting various initiatives to address issues and problem points and to enable appropriate action based on self-discipline.

SuMi TRUST Bank and other subsidiaries develop appropriate client protection management systems in accordance with the characteristics of their own operations, based on the basic policy established by SuMi TRUST Holdings.

## 2. Outline of Initiatives

**(1) Management of Accountability to Clients**

In providing financial products and services to clients, SuMi TRUST Holdings considers the client's knowledge, experience, assets situation and purpose of their transactions, and provides appropriate and sufficient explanations to obtain the client's understanding and consent.

SuMi TRUST Holdings does not use its dominant bargaining position in transactions with clients, for acts which harm client interests. Nor does it provide explanations which might be mistakenly considered as an abuse of the dominant bargaining position.

**(2) Client Support Management**

SuMi TRUST Holdings quickly responds to inquiries and complaints from clients in a sincere manner, aiming to resolve them by obtaining the client's understanding and consent as much as possible. It also works to recognize and analyze the causes of such inquiries and complaints in order to improve the operations.

**(3) Client Information Management**

SuMi TRUST Holdings appropriately manages client information, and when using client information jointly in the SuMi TRUST Group, SuMi TRUST Holdings complies with laws on personal information protection, guidelines on personal information protection in the financial industry, and other related laws and regulations so as to ensure appropriate use of such information.

**(4) Outsourcing Management**

When outsourcing its operations, SuMi TRUST Holdings carries out appropriate management, such as selection and monitoring of outsourced contractors, to ensure proper performance of operations as well as appropriate handling of clients, including appropriate management of client information.

**(5) Conflict of Interest Management**

The SuMi TRUST Group, in order to avoid unfairly impairing the interests of clients, manages and carries out operations properly in accordance with laws and regulations, as well as SuMi TRUST Group's Conflict of Interest Management Rules. Thus, it works to gain greater trust from clients and society.

In order to properly manage conflict of interest, SuMi TRUST Holdings has established the Compliance Department that is responsible for such management for the whole group, and has assigned General Manager of the Compliance Department as a supervisor in charge of such management. SuMi TRUST Holdings has thus developed a system to properly perform the management of conflict of interest for the whole SuMi TRUST Group, and verify the effectiveness of the system periodically and appropriately to continually improve it. It also provides periodic training and education in the SuMi TRUST Group and keeps executives and employees informed on the identification and management of transactions with the risk of conflict of interest.

Management Structure:

# Risk Management

## 1. Basic Initiative Policy

Even while the Japanese economy is on a recovery trend and the U.S. economy is keeping up a steady pace, the interest rates have generally remained at exceptionally low levels, and the markets are subject to considerable volatility in market risk, geopolitical risk and other areas. Furthermore, the trend for stronger international financial regulations has been gaining momentum around the world since the Lehman crisis. In this environment, we think that there is an increasing need for more advanced risk management and preventive action.

As a trust bank group that seeks to be "The Trust Bank," the SuMi TRUST Group regards strengthening and enhancing the autonomous risk management structure as one of its most important management issues, in light of the changes in the operating environment in Japan and overseas and considering the strategies and risk profiles of each group company. Accordingly, the SuMi TRUST Group is making constant efforts to enhance and advance its risk management, which forms the basis of business operations for the expansion of the business scope and sustainable growth of the SuMi TRUST Group. As part of these efforts, the SuMi TRUST Group from the end of March 2015 adopted the advanced internal rating-based approach to credit risks in the calculation of the capital adequacy ratio.

In FY2015, the SuMi TRUST Group as a whole is responding swiftly and accurately to capital and liquidity regulations including Basel III and is also improving its risk management system to respond mainly to the expansion of global businesses as outlined in the Midterm Management Plan.

## 2. Outline of Initiatives

### (1) Types of Risk

The SuMi TRUST Group classifies risk categories by the cause of risks faced by the whole group in business operations into "Credit risk," "Market risk," "Funding risk," and "Operational risk." It manages these risks according to the characteristics of respective risks.

### (2) Risk Management Methods

The SuMi TRUST Group has established a department to supervise the overall group risk management and monitor the risk status of the whole group, and has designated other risk management-related departments to supervise risk management for each risk category. These departments provide appropriate supervision and guidance to the SuMi TRUST Group companies as needed.

The SuMi TRUST Group has also established the Risk Management Rules covering the basic points of risk management for the whole group. It has clarified the authority and organizational structure so that it can appropriately perform a series of activities, which include risk identification, assessment, monitoring, control and reduction. The SuMi TRUST Group has also created risk management policies and plans (the Risk Management Plan and the Risk Capital Allocation Plan).

The SuMi TRUST Group companies develop appropriate risk management systems suited to the characteristics of their own operations and risks, based on our policy concerning risk management.

### • Risk Categories

| Risk Category | Definition |
|---|---|
| Credit Risk | Risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, "country risk" in particular means risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor. |
| Market Risk | Risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil. |
| Funding Risk | Risk that the Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual. |
| Operational Risk (Below are "risk sub-categories") | Risk that the Group incurs losses resulting from inadequate or failed internal processes, people and systems or from external events. |
| Business Processing Risk | Risk that the Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud. |
| System Risk | Risk that the Group incurs losses due to such reasons as computer system failure, malfunction and defects, as well as the risk that the Group incurs losses due to unauthorized use of a computer. |
| Information Security Risk | Risk that the Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system or misuse of information. |
| Legal & Compliance Risk | Risk that the Group incurs losses due to uncertain legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc. |
| Human Resource Risk | Risk that the Group incurs losses due to personnel and labor management issues, such as unequal or unfair management of personnel and harassment. |
| Event Risk | Risk that the Group incurs losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, the spread of infectious diseases, and the inappropriate use or management of tangible assets. |
| Reputational Risk | Risk that the Group incurs losses as a result of deterioration in reputation for SuMi TRUST Holdings or its subsidiaries, owing to such reasons as mass media reports, rumors or speculation. |

### (3) Risk Management Structure

The roles and responsibilities of the management structure and principal departments related to risk management are as follows.

**1) Board of Directors**

Clarifies SuMi TRUST Group's management policy and strategic goals, formulates the risk management policy based on the strategic goals, supervises development of appropriate risk management system, and implements appropriate measures to raise awareness of the risk management policy throughout the SuMi TRUST Group.

**2) Directors, Officers in Charge**

Directors are fully aware of the importance of risk management, and officers in charge of risk management-related departments consider policies and specific measures for developing and establishing proper risk management systems.

**3) Risk Management-related Departments**

Accurately recognize risk status, and conduct appropriate management and operations regarding risks, through a series of activities, which include risk identification, assessment, monitoring, control and reduction.

**4) Internal Audit Department**

Verifies the appropriateness and effectiveness of risk management system as a department independent of business execution.

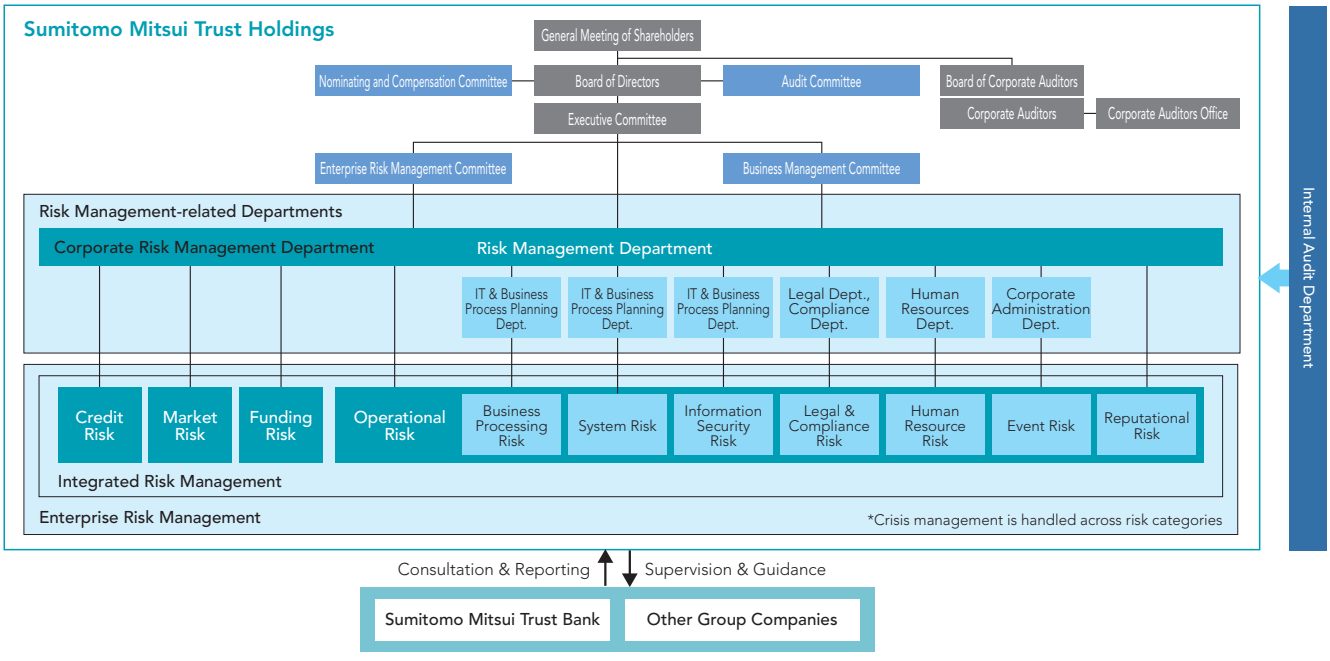
### (4) Enterprise Risk Management and Integrated Risk Management (Economic Capital Management)

The SuMi TRUST Group has established a department to supervise the overall group risk management. It comprehensively measures risks unique to the SuMi TRUST Group organization which each group company cannot recognize alone, such as spread of risks within the SuMi TRUST Group. It manages risks by comparing them with SuMi TRUST Group's overall financial strength (Enterprise Risk Management).

In addition, among the risks subject to the Enterprise Risk Management, the SuMi TRUST Group combines risks which are quantifiable with a unified criteria such as the integrated VaR*, and manages these risks by comparing them with SuMi TRUST Group's overall financial strength, which is indicated by its capital efficiency (Integrated Risk Management). Aiming to simultaneously secure both capital adequacy and efficiency of capital use, the Integrated Risk Management seeks to comply with risk limits set based on risk capital allocated within the financial strength and pursues maximum risk-return.

* Value at Risk (VaR): Risk amount measurement indicator. The maximum amount of loss anticipated within a certain period (the holding period) within the range of certain probability (the confidence interval). SuMi TRUST Holdings is applying a measurement with a confidence interval of 99%.

## • Risk Management Structure



Management Structure:

# Capital Management

## 1. Basic Initiative Policy

Capital management is aimed at ensuring that the businesses of the SuMi TRUST Group remain sound by improving its capital reserves and maintaining and increasing the efficiency of its businesses by making efficient use of capital. Also, capital management encompasses the implementation of measures concerning capital adequacy, appropriate allocation, evaluation, monitoring and control of capital, and calculation of the capital adequacy ratio as stipulated by laws and regulations.

The SuMi TRUST Group creates the basic policy on capital management according to our management policies, ensures sufficient capital to meet the risks it faces and makes efforts to improve its capital and the efficient use of capital.

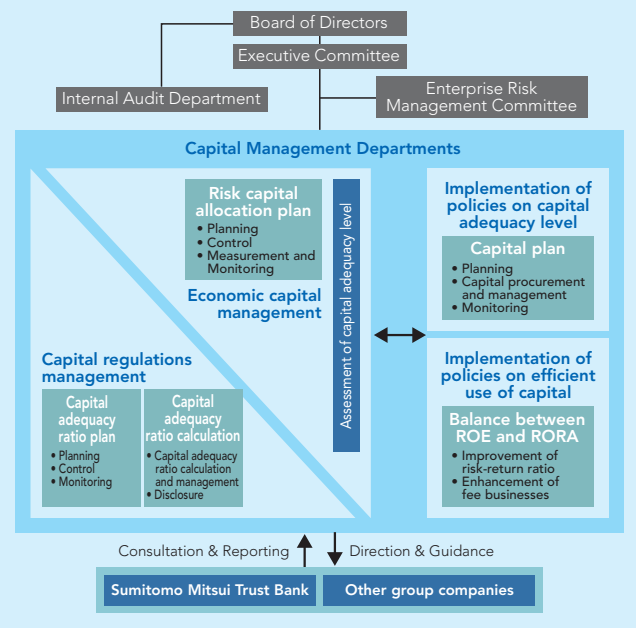
## 2. Outline of Initiatives

### (1) Basic Policy on Capital Adequacy and the Capital Management System

The SuMi TRUST Group aims to maintain sufficient capital by operating in accordance with a PDCA cycle as follows: (1) draw up a capital plan based on the external environment (economic environment, market environment, etc.) and the internal environment (risk profile, strategic goals, etc.); (2) carry out the capital adequacy measures decided in the capital plan; (3) monitor the capital situation and evaluate the capital adequacy level at appropriate intervals; and (4) improve capital and risk control based on the above evaluations.

Moreover, SuMi TRUST Holdings has constructed a necessary system for the appropriate management of capital by installing a department in charge of capital management and one in charge of enterprise risk management as capital management departments.

• Capital Management System




### (2) Policy on Evaluation, Monitoring and Control of Capital Adequacy

The SuMi TRUST Group evaluates capital adequacy multilaterally by establishing multiple definitions of capital and risk as follows.

From the viewpoint of ensuring business continuity, SuMi TRUST Holdings evaluates capital adequacy by comparing the amount of risk with a confidence interval of 99% with Common Equity Tier 1 capital. From the viewpoint of depositor protection, it evaluates capital adequacy by comparing the amount of risk with a confidence interval of 99.9% as well as a confidence interval of 99% that factors in a post-stress-event scenario with total capital based on the regulatory required capital adequacy ratio.

SuMi TRUST Holdings also determines planned figures for the overall risk amount that is acceptable against capital, and risk amounts of each risk category and each group company, and monitors whether or not the actual results are within the planned figures.

The results of such evaluation and monitoring are reported periodically to the Executive Committee and Board of Directors, and in this way, SuMi TRUST Holdings is ensuring appropriate control of capital adequacy.

### (3) Policy on Calculation and Management of Capital Adequacy Ratio

The SuMi TRUST Group recognizes the importance of the capital adequacy ratio. Accordingly, SuMi TRUST Holdings works for the accurate calculation and appropriate management of the capital adequacy ratio (including planning, monitoring and control) in order to ensure its fairness and appropriateness.

Moreover, with regard to capital adequacy ratio management, SuMi TRUST Holdings aims to raise the level and efficiency of the management system by improving its organic linkage with the risk management method employed for internal use.

# Information Disclosure System and Internal Auditing

## Information Disclosure System

### 1. Basic Initiative Policy

Adopting observance standards that all executives and employees must uphold to ensure the transparency of corporate management through appropriate and fair disclosure of corporate information, the SuMi TRUST Group has set out Information Disclosure Rules and Information Disclosure Guidelines, and has established an internal control system to ensure that disclosures are made in accordance with relevant laws, regulations and rules, including the Companies Act, the Banking Act, and the Financial Instruments and Exchange Act.

Based on this philosophy, SuMi TRUST Holdings has established a disclosure policy* in order to clarify its basic policy on disclosure both internally and externally, thereby ensuring appropriate disclosure. In this way, it is working to ensure the transparency of corporate management through appropriate disclosure of corporate information.

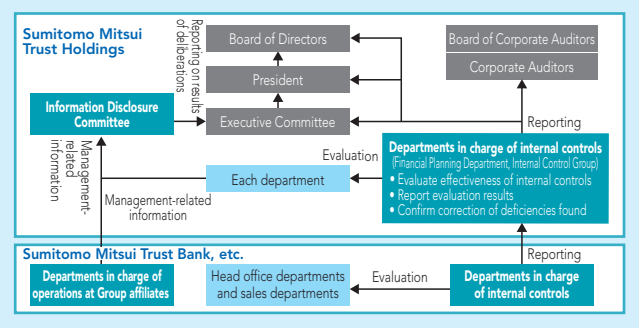
* Please refer to page 428.

### 2. Outline of Initiatives

In order to ensure timely, accurate, and fair disclosure of management-related information, the SuMi TRUST Group has established the Information Disclosure Committee, which deliberates the necessity and appropriateness of disclosure of management-related information and information that could be management-related. It also considers the appropriateness of information disclosure system, particularly its establishment and management.

Furthermore, in order to adapt to the Internal Control Report System, each fiscal year, SuMi TRUST Holdings evaluates the effectiveness of internal control concerning financial reporting. The results of the evaluation and status of corrective measures for deficiencies found are reported to the President and the Board of Directors. Based on this report, the President makes an "Internal Control Report," which evaluates the effectiveness of internal control concerning financial reporting, and submits it to the relevant financial authority along with the Securities Report.

• Information Disclosure System




## Internal Auditing

### 1. Basic Initiative Policy

The SuMi TRUST Group believes that establishing an efficient and effective internal auditing system commensurate with the size and nature of its business, the content of laws and regulations that apply to operations and the type of risks are indispensable to appropriate legal compliance, client protection, risk management, etc. Therefore, SuMi TRUST Holdings has established an Internal Audit Department in charge of internal audits and is independent of departments involved in the execution of operations. The Internal Audit Department has the role of sufficiently fulfilling its internal audit supervisory functions and providing guidance, management and supervision for subsidiaries in which SuMi TRUST Holdings directly invests capital.

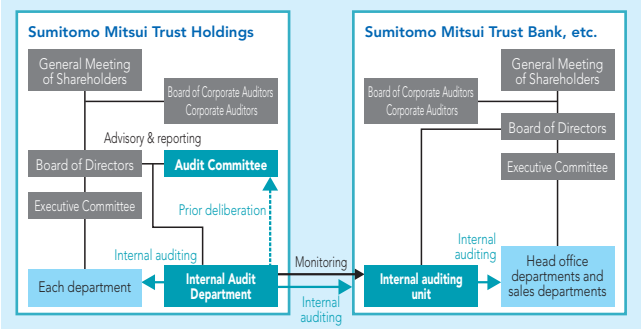
Furthermore, Audit Committee was established on June 26, 2015, to ensure management transparency and that processes are carried out appropriately. It serves as an advisory body to the Board of Directors with majority of committee members represented by external directors. The committee is responsible for conducting preliminary reviews of important matters concerning internal audits, as well as making reports thereon to the Board of Directors.

### 2. Outline of Initiatives

In accordance with SuMi TRUST Group's policy on the development of internal auditing system and its plans for internal auditing set out by the Board of Directors after prior deliberations by the Audit Committee, the Internal Audit Department develops internal auditing system and verifies from an independent standpoint the appropriateness and effectiveness of internal auditing system for all operations undertaken by SuMi TRUST Holdings departments. It also conducts the auditing of SuMi TRUST Bank and Group affiliates, directly or jointly with the internal audit units of SuMi TRUST Bank or Group affiliates, as needed, to an extent that does not violate any laws and regulations.

The results of internal auditing are reported without delay to the President and the officers in charge, along with timely and appropriate reporting to the Board of Directors and other bodies.

• Internal Auditing Implementation System



Management Structure:

# Efforts to Enhance Customer Satisfaction

## 1. Basic Initiative Policy

Because of advances in information technology, a wider choice of financial institutions and products are now available to clients. Services provided by financial institutions are also being compared and higher levels of services are being demanded. To respond to such demands, the SuMi TRUST Group is continually improving its products and services, in order to remain the bank of choice for clients.

The SuMi TRUST Group is utilizing its significant expertise and comprehensive capabilities to quickly provide clients with comprehensive solutions. It is also making every effort to adopt a "customer-first approach" and to offer clients peace of mind and ensure their satisfaction with supreme loyalty and sincerity, placing prime importance on credibility and sound management.

## 2. Outline of Initiatives

### (1) Initiative to Use Client Feedback to Improve Services

The SuMi TRUST Group receives much client feedback and many requests at branches throughout Japan, through telephone centers and its website, as well as through the "Voice of Customers" questionnaires available at every office and surveys sent out to clients by mail.

The SuMi TRUST Group received approximately 42,000 "Voice of Customers" questionnaires and replies to its surveys in fiscal year 2013. If the "customer comments" contained in daily inquiries etc., are included, the SuMi TRUST Group received several hundred thousand valuable client feedback.

We gather all the feedback and requests from our clients and analyze the responses to identify problem points, utilizing such systems as our "Voice of Customers Portal," a dedicated analysis system that is deployed throughout the company.

Based on these results, the management and departments responsible for supervising business operations work on formulating improvement measures.

In this way, the SuMi TRUST Group strives to provide superior services by reviewing its products and services and making improvements, based on the feedback and requests received from the clients.

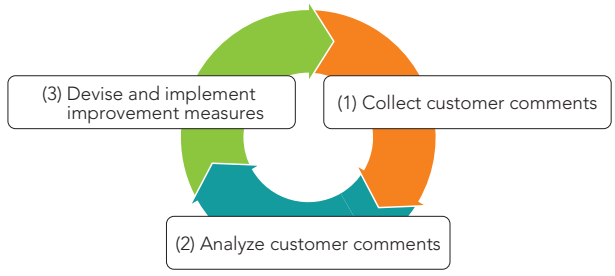
The SuMi TRUST Group informs clients about improvements that have been made reflecting their feedback and requests on its website as well as posters notifying them of local initiatives at branches nationwide. This information is updated regularly.

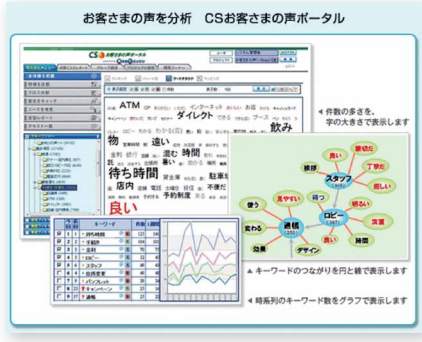
### (2) Branches' Efforts to Enhance Customer Satisfaction

To promote customer satisfaction (CS) improvement activities, "CS Committees" are established in all branches, and they actively conduct various CS improvement activities that match the characteristics of each branch.

In addition, solid education and training are provided to employees, to encourage each and every employee to practice a customer-first approach to service on a daily basis.

**• Customer Satisfaction Promotion Cycle of SuMi TRUST Bank**




"Voice of Customers Portal" screen




A poster showing improvements in response to customer voices

# Initiatives to Facilitate Financing



## 1. Dealing with Facilitation of Financing

The SuMi TRUST Group considers the facilitation of financing to small and medium-sized enterprises (SMEs) and individuals seeking housing loans as one of its most important social missions.

SuMi TRUST Bank took steps to further enhance its financial intermediary function and established a basic policy on the facilitation of financing. This was to ensure prompt and appropriate responses to requests from SMEs and housing loan clients for various consultations, restructuring of loan repayment conditions, etc.

The bank facilitates financing operations through a system at branch offices to provide prompt and appropriate responses to clients' consultations about, or requests for, the restructuring of loan repayment conditions and other matters and a system at the head office to fully grasp the branch office support activities. The bank also responds to clients' requests for consultation and complaints through a telephone number as well as at branch offices.

The Act concerning Temporary Measures to Facilitate Financing for SMEs, etc. expired on March 31, 2013. Even so, the SuMi TRUST Group will continue providing appropriate and proactive financial intermediary services to facilitate the business activities of SMEs and to help housing loan clients enjoy a stable lifestyle. Also, when there are consultations about, or requests for, the restructuring of loan repayment conditions, etc. from clients who have been directly or indirectly affected by the Great East Japan Earthquake, the SuMi TRUST Group endeavors to respond in a flexible and appropriate manner, taking into account each client's circumstances.

## 2. Status of Initiatives to Improve SME Business Operations and to Revitalize Regions

### (1) Policy on Management Support Measures for SMEs

SuMi TRUST Bank assists SMEs with efforts to improve and revitalize their business operations by considering their conditions and providing business consultations, management guidance and support for formulating business reconstruction strategies, and other support services.

### (2) Framework of Management Support for SMEs

In order to carry out management support for SMEs, SuMi TRUST Bank has established "Financing Facilitation Promotion Offices" in the Wholesale Business Planning Department and in the Personal Loan Business Promotion Department, to prepare a framework to deal appropriately and satisfactorily with various consultations and requests from clients.

In terms of specific measures related to management support for SMEs, branch offices and the head office are engaged in efforts such as support for formulating business reconstruction plans tailored to individual circumstances, and assistance aimed at making progress with business reconstruction plans, taking into account the industry conditions and the business dealings of individual SMEs. Furthermore, SuMi TRUST Bank prepares to support clients in overseas expansion and business succession as well as in electronically recorded monetary claims.

**1) Initiatives related to support for overseas expansion**

SuMi TRUST Bank opened its Hong Kong Branch in August 2013 as part of the five-branch system that also includes New York, London, Singapore, and Shanghai. These branches offer financial services such as loans, deposits, foreign exchange, and derivatives to Japanese client companies who are expanding overseas. Furthermore, SuMi TRUST Bank has established a bank subsidiary in Thailand and plans to commence offering financial services during fiscal year 2015 mainly to Japanese client companies operating in Thailand.

In addition to developing our own offices, we are making efforts to address the growing need for financial services denominated in local currencies through partnerships with leading banks in Asian countries. To this end we established DBSI - SuMi TRUST Japanese Business Services. It operates within PT Bank DBS Indonesia, which is a local subsidiary of DBS Bank Ltd., a major bank based in Singapore. This effort is to enhance services for Japanese client companies expanding into Indonesia. Moreover, in December 2013, SuMi TRUST Bank also joined in a partnership with Bank for Investment and Development of Vietnam to enhance its financial services geared toward Japanese companies expanding into Vietnam.

**2) Initiatives related to support for business succession**

In April 2013, SuMi TRUST Bank consolidated branch support functions for services in inheritance, asset inheritance, and business succession in its Private Banking Department. We offer fine-tuned proposals and prompt information to meet the diverse asset inheritance and business succession needs of both our corporate and individual clients. In collaboration with an affiliate, Sumitomo Mitsui Trust Wealth Partners Co., Ltd., we provide tailor-made services for the needs of our business-owner and property-owner clients.

In addition, we have assigned a total of 211 financial consultants (as of March 31, 2015) to branches nationwide as an easily accessible channel for our business-owner clients to consult about inheritance and business succession concerns and challenges. Our financial consultants draw on the expertise they have accumulated through a rich, wide-ranging set of experiences to consult with customers from the perspectives of "inheritance/asset inheritance and business succession," "asset management and asset administration" and other factors.

Furthermore, we cooperate with our tax accountant corporate partner to hold seminars for business owners on the inheritance and business succession tax system and business succession measures that make use of trusts. These events serve as opportunities to make SuMi TRUST Bank's consulting function more broadly known among people who have never had dealings with a trust bank.

**3) Initiatives related to "Densai" (electronically recorded monetary claims)**

In order to facilitate fundraising for SMEs, SuMi TRUST Bank has offered "Densai Services" since February 2012. The service is based on the Zengin Electronic Monetary Claims Recording Network, in which financial institutions nationwide are members. We also provide "Densai lump-sum factoring services."

**(3) Status of Management Support Initiatives for SMEs and of Regional Revitalization Initiatives**

SuMi TRUST Bank has branches throughout the country. Although it is not engaged in initiatives for the revitalization of specific regions, it carries out initiatives focused on support to improve the business operations of clients at each branch according to their individual circumstances and business dealings.

Examples of Specific Initiatives

- Provided forward exchange contract facilities to clients in need of reducing their foreign currency denominated costs of purchases. Introduced merchandise of clients to other clients engaging in real estate projects. Contributed to business expansion of the clients.
- Carried out sales mediation services (real estate surveys) of clients to other clients, and contributed to increasing their sales.

# CSR (Corporate Social Responsibility)

## 1. The Cornerstone of "Creating Shared Value (CSV)"

"Creating Shared Value" is the concept of companies creating social value by addressing society's needs and challenges while simultaneously creating their own economic value.

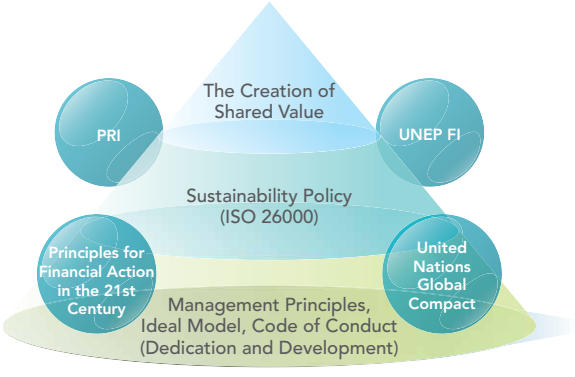
The SuMi TRUST Group pursuit of CSV is based on its Management Principles ("Mission"), Ideal Model ("Vision"), and Codes of Conduct ("Values"), as well as its Sustainability Policy—its basic policy on social responsibility. These policies identify our approach to creating economic value and social value.

Furthermore, the SuMi TRUST Group is a signatory to the United Nations Global Compact, a global policy framework for corporate sustainability, and the "Principles for Financial Action towards a Sustainable Society (Principles for Financial Action in the 21st Century)," a set of voluntary guidelines established by Japan's major financial institutions. The SuMi TRUST Group aims to create shared value while respecting these principles and guidelines, including the above two, related to social responsibility.

## 2. Creating Shared Value through Three Kinds of Process

We classify processes for realizing CSV into three categories. These are: (1) creating new financial businesses to contribute to resolving social problems; (2) reinforcing our corporate foundation by improving our social compliance in everyday business activities; and (3) enhancing stakeholders' trust placed in the SuMi TRUST Group through active participation in social activities and strengthening our business base. The SuMi TRUST Group is working to promote strategic initiatives in these areas.

### Process of Creating Shared Value




| Process 1 | Process 2 | Process 3 |
|---|---|---|
| Creating new financial businesses to contribute to resolving social problems | Reinforcing our corporate foundation by improving our social compliance in everyday business activities | Enhancing stakeholders' trust placed in the SuMi TRUST Group through active participation in social activities and strengthening our business base |
| (Key social issues) Energy, Climate change, Biodiversity, Aging society | (Specific areas) Governance, Compliance, Human rights, Reducing environmental impact | (Three activities) Support for the environment and animals, Support for "successful aging," Community/social contributions |

**Basic Policy on the Social Responsibility of the SuMi TRUST Group (Sustainability Policy)**

At the SuMi TRUST Group, based on our Management Principles ("Mission"), our Ideal Model ("Vision") and our Codes of Conduct ("Value"), we respect dialogue with all stakeholders, such as clients, shareholders, investors, employees, business partners, local communities, NPOs, government authorities and international institutions, and play an active role in building a sustainable society.

1. Contribute to Solving Social and Environmental Problems through Business
2. Serve Clients with Sincerity
3. Earn the Trust of Society
4. Address Environmental Issues
5. Respect the Individual
6. Participate in and Contribute to the Community

## 3. Structure for Promoting CSR Activities

The SuMi TRUST Group has established a structure for promoting CSR activities based on the PDCA cycle, under the CSR Council organized as part of the Executive Committee and chaired by the President as the supreme decision-making body with respect to all CSR activities. Specifically, a CSR focused midterm management plan is formulated including ESG (Environmental, Social, and Governance) risk management policies and information disclosure policies, based on the Group-wide Midterm Management Plan that covers CSR, and then on this basis, yearly CSR policies are developed. Progress in the implementation of the yearly policies is reviewed semi-annually at the CSR Council meeting and additional measures are taken when appropriate.

Meanwhile, CSR businesses such as Eco-Trustution, in which we provide solutions to ecological issues through the use of our trust function, are promoted at each division. Therefore, yearly CSR policies are decided in close consultation with each division and incorporated into the annual plan at each division.

The CSR Council is attended by an officer in charge of CSR activities, who carries out all responsibilities for executing the matters decided therein. On the other hand, execution of day-to-day CSR activities is delegated to the Head of CSR Promotion Office, Corporate Planning Department. The office coordinates all environmental and social activities across the SuMi TRUST Group. Furthermore, the Head of CSR Promotion Office summarizes and publishes the matters reported and decided at the CSR Council meeting, under the instruction of the officer in charge of CSR activities.

Establishment of the aforementioned structure ensures that daily activities within the SuMi TRUST Group reflect, without fail, the decisions at the CSR Council, the supreme decision-making body with respect to CSR activities.

## 4. Outline of Initiatives

### (1) CSR Activities that Create New Financial Businesses

#### 1) Contribution to Solving Environmental Problems

#### (a) Addressing Climate Change

The global average temperature has posted successive record highs over the past several years, and global warming is now indubitable, according to the United Nations Intergovernmental Panel on Climate Change (IPCC) report, released in September 2013.

The SuMi TRUST Group will continue to develop high-value-added financial solutions businesses that leverage its capabilities and know-how as a trust bank.

Renewable Energy Financing:

There has been a rush to build mega-solar power plants throughout Japan since the introduction in July 2012 of a feed-in tariff (FIT) scheme, by which electricity companies purchase power generated by renewable sources at a fixed price. Plans for a considerable number of projects for wind power, geothermal power and small hydropower have taken more concrete shape. Efforts are also under way in new fields such as offshore wind power generation and biomass power generation. The SuMi TRUST Group is carrying out financial support in order to assist various renewable energy projects in Japan and overseas.

### Solar Leases:

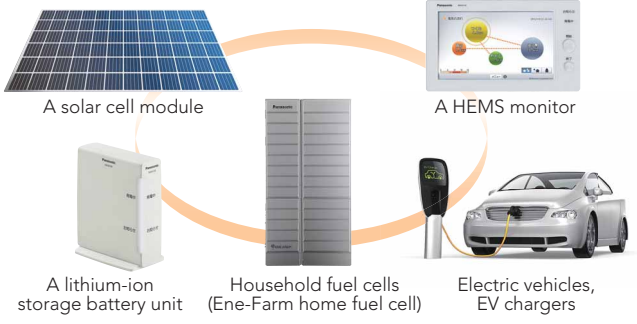
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. has put in place a total support structure for the series of processes involved in introduction of solar power generation systems. This structure encompasses estimating the volume of power generated, design, funding plans, consulting on system interconnections, construction, operation, maintenance and management.

As of September 2014, we had provided support through a leasing model for 41 high-voltage and large-scale solar power generating plants (including those in the planning stage), with a total power generation capacity of 48,300 kW.

### Renovation and Solar Loans for Smart Houses (Sales finance):

Sumitomo Mitsui Trust Panasonic Finance has been offering solar loans exclusively for solar power generation in collaboration with sales agents, construction contractors and others. We will continue to provide not only financing for solar power generation but also "Renovation Solar Loans" to support the introduction and spread of smart-house-related equipment. In this way, we contribute financially to the creation of better homes and cities. Our contributions include creating living environments that offer energy savings as well as comfort and safe and secure disaster prevention measures.

**Equipment to Realize Smart Houses**




**(b) Addressing Natural Capital**

The economic value from marshlands in Japan as a whole was estimated from approximately ¥839.1 billion to ¥971.1 billion and the economic value from tidal flats at approximately ¥610.3 billion, according to the Ministry of the Environment's FY2013 study on the "economic value of the ecosystem services supplied by wetlands."

The SuMi TRUST Group is working to develop financial products and services that incorporate evaluations of the economic value of natural capital.

### Environmental Rating Loans with the Evaluation of Natural Capital Preservation:

In April 2013, SuMi TRUST Bank launched its "Environmental Rating Loans with the Evaluation of Natural Capital Preservation," which incorporate impact on natural capital and the concept of evaluating a company's initiatives into the environmental-rating evaluation process that assesses environmental measures taken by companies. This is the world's first attempt to incorporate natural capital evaluation into loan criteria.

**(c) Initiatives in Asset Management (Responsible Investment)**

### Biodiversity Companies Support Fund:

In 2010, the SuMi TRUST Group developed the world's first equity fund that invests in Japanese companies that are making efforts for biodiversity conservation and sustainable use of biodiversity-related resources (this finding is based on our research).

The Biodiversity Companies Support Fund is also incorporated in the Green Balanced Fund, which was jointly developed in 2010 by SuMi TRUST Bank and our subsidiary Nikko Asset Management. The equity fund portion of the Green Balanced Fund invests in the three natural capital elements, namely fauna/flora, water and air, via companies involved in those themes. The fixed-income fund portion invests in environment-linked bonds such as those issued by the World Bank.

**(d) Initiatives in Our Real Estate Businesses**

Environmentally friendly property addresses issues such as climate change and loss of biodiversity by taking the environment into account through energy-saving design and renewable energy use.

We believe this approach leads to highly profitable and stable businesses that make effective use of real estate.

### Environmentally Friendly Construction Consulting:

To promote the introduction of environmentally friendly property, SuMi TRUST Bank provides environmentally friendly construction consulting services.

As interest in environmental issues has grown, so has the number of properties applying for CASBEE®* certification or voluntary evaluation in the past several years.

* The comprehensive assessment system for built environment efficiency (CASBEE) certification is an environmental performance evaluation system for buildings being developed and promoted in Japan under the guidance of MLIT.

### 2) ESG-themed Initiatives in Our Asset Management Businesses

The Japanese government has been committed to a national effort to push forward swift capital market reform since the current administration came to power in December 2012. The ministries and agencies are implementing relevant policies in each area of responsibility in coordination with counterparts. The final goal of the capital market reform is to create a virtuous economic cycle by improving ROE and corporate governance at companies. Various measures have been adopted in this area.

#### (a) Our ESG Engagement Policy

SuMi TRUST Bank has introduced policies to actively engage investee companies in the belief that providing solutions to environmental, social and governance (ESG) issues will contribute to upholding the best interests of the ultimate beneficiaries who entrust their assets to us.

#### (b) Stewardship Activities

SuMi TRUST Bank agrees with and accepts the Principles for Responsible Institutional Investors, known as "Japan's Stewardship Code." Accordingly, we have established Responsibility Policies at SuMi TRUST Bank for the Stewardship Code and Policies Responding to the Principles of the "Japan's Stewardship Code" to comply with it.

#### (c) ESG Monitoring and Engagement

SuMi TRUST Bank is conducting engagement with related organizations on the specific agendas stated in the ESG engagement policy. In addition, SuMi TRUST Bank has established the ESG Monitoring Committee chaired by the General Manager of the Asset Management Department, so that everyone can keep fully up to date and monitor situations.

### 3) Addressing the Issues of a Super-Aging Society

The birthrate in Japan is continuing to fall and the population is declining rapidly. SuMi TRUST Bank has many elderly clients and actively supports "Successful Aging," seeking to ensure that our clients can continue to enjoy healthy, spiritually enriching lives as they grow older.

#### (a) Helping People to Lead a Vibrant Lifestyle That Suits Them

Wrap Accounts/"Life Serenity" Package:

SuMi TRUST Bank offers discretionary investment management products ("Wrap Accounts"). We suggest a management plan suited to the client, who then concludes a discretionary investment contract, entrusting all decisions relating to the management of their investment—including buying and selling—to SuMi TRUST Bank to undertake on their behalf. Clients aged between 40 and 65 who have applied for a "Wrap Account" can also apply free of charge for a "Life Serenity" package, a service that features cancer and nursing care insurance without the burden of insurance premiums. (SuMi TRUST Bank bears the cost of the premiums.)

#### (b) Helping People to Manage Their Post-Retirement Assets Safely

Anshin Support Trust (money trust type):

SuMi TRUST Bank offers "Anshin Support Trust," a product that leverages the unique functions of a trust bank to provide medium- to long-term, made-to-order support for the preservation and management of clients' precious assets for their sake as well as their families'. Two types of "Anshin Support Trust" are available: a "Money Trust Type" and a "Life Insurance Trust Type."

### 4) Finance for Social and Charitable Activities

The SuMi TRUST Group is committed to providing solutions to social issues based on fiduciary spirit.

#### (a) Products and Services that Reflect Clients' Intentions

Charitable Trusts:

A charitable trust is a system used in a wide range of fields, including the provision of academic scholarships, support of environmental protection activities, and promotion of international cooperation and international exchanges.

Since SuMi TRUST Bank began managing its first charitable trust in 1977, the number of trusts under its management has steadily risen, conducting supported projects in various charitable fields.

Social Contribution Donation Trust:

SuMi TRUST Bank offers "Social Contribution Donation Trusts" (also referred to as "Bridge to Tomorrow") intended to make donations to charitable corporations and other organizations engaged in social contribution activities. Clients of this trust can donate one-fifth of the initial amount of trust principal once a year to an organization of choice. These are selected from the list of donees presented by SuMi TRUST Bank. The organization of choice can be changed every year.

### (2) CSR Activities for Improving the Alignment of Our Business Activities with Society

#### 1) Addressing Environmental Issues

#### (a) Environmental Performance and Environmental Burden Reduction Measures

The SuMi TRUST Group works to reduce the burden on the environment both in its input of resources such as paper and energy used in business activities and in its output such as $CO_2$ and waste discharged from these activities.

In FY2013, total electricity consumption at all sites across Japan decreased by 6.9% from the previous fiscal year. The volume of $CO_2$ emissions increased by 5.2% year on year to 50,000 tons. We were able to reduce paper consumption by 5.4% from the previous fiscal year.

#### (b) Strengthening Supply Chain Initiatives

SuMi TRUST Bank stipulates "making it a priority to purchase environmentally friendly products, such as products covered by green purchasing and energy-saving products," in the case of purchasing of stationery and equipment for in-house use.

SuMi TRUST Bank believes that cooperative relationships with suppliers, in addition to its own independent initiatives, will become important to secure the sustainability of natural capital. In November 2013, we established the Consortium for Sustainable Paper Use with WWF Japan and other paper-user companies.

Moreover, the SuMi TRUST Group will formulate the CSR procurement policy, which prescribes priority purchase of goods and services that give consideration to the environment and society. The SuMi TRUST Group will also promote the CSR procurement initiative that involves group companies. In cooperation with suppliers, we plan to expand the scope of product items covered by CSR procurement to paper products, printed materials and stationery goods, as well as office machinery and equipment.

#### 2) Addressing Human Rights Issues

#### (a) Establishment of Human Rights Policy

The SuMi TRUST Group upholds respect for individuals' human rights and diverse values and rejects unjustifiable acts of discrimination in all its activities, under the "Basic Policy on the Social Responsibility of the SuMi TRUST Group (Sustainability Policy)." Moreover, the SuMi TRUST Group formulated the human rights policy in December 2013 in order to ensure the execution of this policy. This policy serves as a standard for acts and judgments concerning human rights.

#### (b) Protecting Human Rights

Initiatives to Address Dowa and Foreign Residents Issues:

The SuMi TRUST Group regards tackling discrimination against the Dowa minority as a particularly important theme in the promotion of human rights education. During FY2014, the SuMi TRUST Group continued its efforts to increase employees' level of understanding about the Dowa issue based on insights from external bodies, such as the Industrial Federation for Human Rights, Tokyo. At the same time, we have worked toward thorough elimination of prejudiced or discriminatory views through various training programs and education activities, including training of new employees.

## ■ Human Rights Policy

At the SuMi TRUST Group, based on the "Basic Policy on the Social Responsibility of the SuMi TRUST Group (Sustainability Policy)," we strive to foster a corporate culture and workplace environment that respects the basic human rights of clients and all stakeholders, always act with a strong sense of ethics and social conscience in all aspects of our corporate activities, and achieve sustainable development as a corporate group that is trusted by society.

1. Respect International Standards
   We respect international standards on human rights, such as The Universal Declaration of Human Rights and corporate codes of conduct based on the United Nations Global Compact.
2. Prohibit Discrimination
   We reject, in all our corporate activities, discrimination and infringement of human rights based on race, nationality, gender, origin, social status, beliefs, religion, physical characteristics, and the like.
3. Foster a Corporate Culture that Respects Human Rights
   We regard every kind of human rights issue as one facing us and encourage our employees to think from the other person's point of view so as to foster a corporate culture that respects human rights.
4. Establish a Pleasant Workplace Environment
   We establish a pleasant workplace environment by encouraging all executives and employees to treat each other as business partners and build equal relationships that allow a free exchange of opinions.
   We acknowledge that such behavior as sexual harassment and power harassment impair human dignity; therefore, we do not allow such behavior.
5. Ensure Fair Recruitment
   We implement strict and fair screening in the recruitment of employees and others, solely based on individual capability and suitability.
6. Implement Human Rights Education Training
   With the aim of resolving all kinds of actual or potential issues related to human rights and encouraging all executives and employees to develop a deep appreciation of human rights that appropriately reflects relevant and accurate facts and information, we work on a wide range of human rights education activities, including one addressing discrimination against the Dowa, a specifically Japanese social minority, through every kind of opportunity, mainly annual workplace-based human rights education training.

The above-mentioned policy also applies to our overseas network, and the SuMi TRUST Group gathers information on cases where the corporate activities of our domestic and overseas suppliers and contractors (supply chain), and companies that we invest in or lend to, negatively impact human rights. In cases where relevant laws, standards, and policies are violated, necessary measures are taken as appropriate.

Prevention of Sexual Harassment and Power Harassment:

Sexual harassment and power harassment are prohibited. Such behavior can both damage the character of an individual and infringe upon his or her human rights. We have taken a particularly strict stance on prohibiting sexual harassment within the workplace. In terms of power harassment, we are working toward the elimination of all forms of this problem. This problem is based on advantageous positions in the workplace. It is not limited to harassment by superiors of subordinates, but also includes harassment between senior employees and junior employees, colleagues, and even harassment by subordinates of their superiors.

### (3) CSR Activities to Enhance Trust and Strengthen the Business Base

#### (a) Support for the Living Creatures

SuMi TRUST Bank promotes social contribution activities rooted in local communities primarily through its local business offices located across Japan. As part of such activities, SuMi TRUST Bank has been organizing an annual "Conservation and Restoration Tour of Japan's Northernmost Beech Forest" since 2011. The aim is to protect the natural beech forest in Kuromatsunai-cho, Hokkaido, which has been designated as a national natural monument.

#### (b) Support for "Successful Aging"

In order to help customers enjoy fulfilling, safe, and secure retirement years, the Shiba Business Department, Kichijoji Branch and Kichijoji-Chuo Branch organized seminars taught by leading experts in various fields for our Silver College members. These seminars were very well received.

#### (c) Contributions to Local Communities and Society

The "Love Earth Clean-up" is a campaign that brings together citizens, companies and local governments to clean local community spaces. The campaign started in Fukuoka city and has spread across Japan. SuMi TRUST Bank took part in the cleaning activities.

## 5. Enhancement of CSR Communication

The SuMi TRUST Group strives to enhance CSR communication so as to facilitate a better understanding of its activities by clients and local communities.

#### (a) Education for Sustainable Development



School class utilizing ICT (Okayama City Tsunoyama Elementary School)

In the field of education, learning opportunities that are reshaping our society and how we live are known as Education for Sustainable Development (ESD). SuMi TRUST Bank engages in ongoing efforts at elementary schools using ICT (Information and Communication Technology) such as television video to teach the children, who are the bearers of the next generation about activities of the National Trust in their vicinity.

#### (b) Green TV




Japanese website:
http://www.japangreen.tv/

Green TV Japan has more than 1,000 videos available for viewing free of charge, including a large selection of overseas videos as well as videos produced independently in Japan.

SuMi TRUST Bank has supported Green TV Japan as a media sponsor since it was first established in 2007.

#### (c) Branch Blog With You




Japanese website:
http://branchblog.smtb.jp/

In April 2012, SuMi TRUST Bank launched the "Branch Blog With You" site with the goal of interacting more closely with local people by publishing information unique to each community in real time and by allowing our branch employees to express in their own words their thoughts about contributing to the local community. In addition to regularly introducing "With You" activities at branches around the country, the blog provides information about seminars and panel exhibitions being held, and is used proactively as a means of communication with customers.

## Corporate Data:

Sumitomo Mitsui Trust Holdings, Inc. . . . . 76

Sumitomo Mitsui Trust Bank, Limited . . . . . 78

# Board of Directors and Executive Officers (As of July 1, 2015)

Representative Director, Chairman
Hitoshi Tsunekage

Representative Director, President
Kunitaro Kitamura

Representative Director, Deputy President
Nobuo Iwasaki

Representative Director, Deputy President
Rikiya Hattori

Director, Senior Managing Executive Officer
Tetsuo Ohkubo

Director, Managing Executive Officer
Yoshiaki Koshimura

External Director, Director
Soichi Shinohara*1

External Director, Director
Takeshi Suzuki*1

External Director, Director
Mikio Araki*1

Senior Corporate Auditor
Teruhiko Sugita

Senior Corporate Auditor
Takashi Kamikanda

External Auditor, Corporate Auditor
Tetsuya Yoshimoto*2

External Auditor, Corporate Auditor
Shinichi Saito*2

Deputy President Executive Officer
Sumikazu Tsutsui

Senior Managing Executive Officer
Masaru Hashimoto

Senior Managing Executive Officer
Yukihiro Kitano

Senior Managing Executive Officer
Yoshikazu Tanaka

Managing Executive Officer
Tadashi Nishimura

Managing Executive Officer
Jiro Araumi

Managing Executive Officer
Masahiro Tsuchiya

Managing Executive Officer
Toru Takakura

Managing Executive Officer
Yutaka Nishida

Executive Officer
Toshio Masui

Executive Officer
Shigeki Tanaka

Executive Officer
Kiyomitsu Asahi

Executive Officer
Kazuhisa Koashi

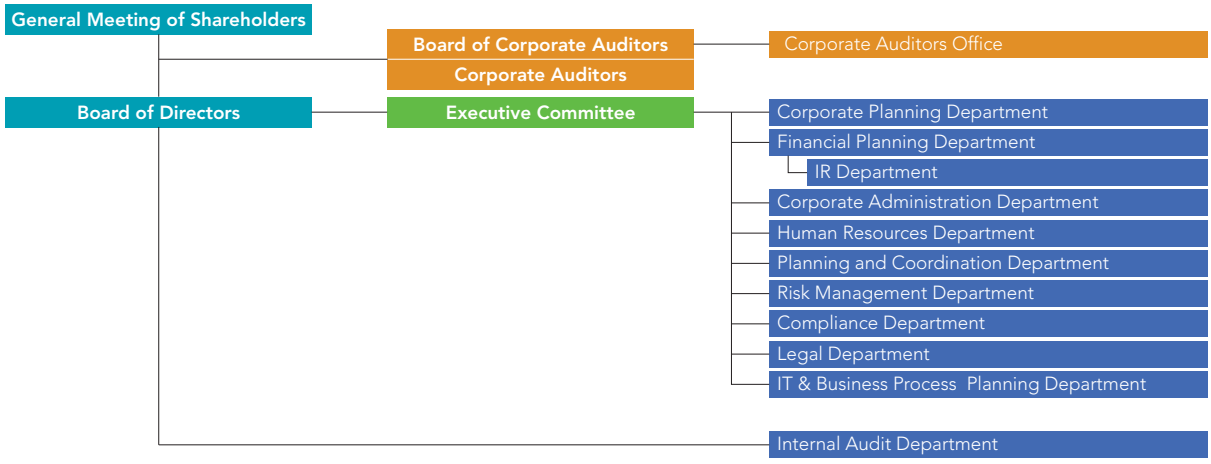
*1 External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.
*2 External Corporate Auditors as provided for in Article 2, Paragraph 16 of the Companies Act.

# Employees (As of March 31, 2015)

| Category | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Number of Employees | 39 | 46 |
| Average Age | 45 years, 5 months | 44 years, 0 months |
| Average Length of Employment | 21 years, 7 months | 20 years, 4 months |
| Average Annual Salary | ¥ 12,497 thousand | ¥ 11,741 thousand |

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Employees include those seconded from SuMi TRUST Bank and the average length of employment includes years of employment at their own companies.
3. Average annual salary includes bonus and extra payment.

# Organizational Chart (As of April 1, 2015)




# Subsidiaries and Affiliated Companies (As of June 30, 2015)

## Japan

| Name | Location | Date of Establishment | Paid-in Capital (Millions) | Scope of Business | Ownership by SuMi TRUST Holdings (%) | Ownership by subsidiaries (%) |
|---|---|---|---|---|---|---|
| Sumitomo Mitsui Trust Bank, Limited | 1-4-1, Marunouchi, Chiyoda-ku, Tokyo | July 28, 1925 | ¥ 342,037 | Trust and Banking Business | 100.0 | — |
| Sumitomo Mitsui Trust Asset Management Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | November 1, 1986 | ¥ 300 | Investment Management Business, Investment Advisory and Agency Business | 100.0 | — |
| Sumitomo Mitsui Trust Research Institute Co., Ltd. | 3-13, Toranomon 4-chome, Minato-ku, Tokyo | July 1, 1988 | ¥ 300 | Survey, Research, Consulting, Investment Advisory Business | 100.0 | — |
| Japan Trustee Services Bank, Ltd. | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | June 20, 2000 | ¥ 51,000 | Trust and Banking Business | 66.6 | — |

## Overseas

| Name | Location | Date of Establishment | Paid-in Capital (Millions) | Scope of Business | Ownership by SuMi TRUST Holdings (%) | Ownership by subsidiaries (%) |
|---|---|---|---|---|---|---|
| MTH Preferred Capital 5 (Cayman) Limited | PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands | February 8, 2007 | ¥ 33,700 | Finance Business | 100.0 | — |
| CMTH Preferred Capital 6 (Cayman) Limited | PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands | January 29, 2008 | ¥ 42,700 | Finance Business | 100.0 | — |
| CMTH Preferred Capital 7 (Cayman) Limited | PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands | November 28, 2008 | ¥ 41,600 | Finance Business | 100.0 | — |

# Board of Directors and Executive Officers (As of July 1, 2015)

Representative Director, Chairman
Kunitaro Kitamura

Representative Director, President
Hitoshi Tsunekage

Representative Director, Deputy President
Nobuo Iwasaki

Representative Director, Deputy President
Rikiya Hattori

Representative Director, Deputy President
Sumikazu Tsutsui

Director, Senior Managing Executive Officer
Tetsuo Ohkubo

Director, Senior Managing Executive Officer
Masaru Hashimoto

Director, Senior Managing Executive Officer
Yoshikazu Tanaka

Director, Managing Executive Officer
Yoshiaki Koshimura

Director, Managing Executive Officer
Tadashi Nishimura

Director, Managing Executive Officer
Jiro Araumi

Director, Managing Executive Officer
Masahiro Tsuchiya

Director, Managing Executive Officer
Toru Takakura

Director, Managing Executive Officer
Yutaka Nishida

External Director, Director
Toshio Hoshino*1

Corporate Auditor
Masashi Hirose

Corporate Auditor
Satoru Abe

External Auditor, Corporate Auditor
Yasuhiko Takano*2

External Auditor, Corporate Auditor
Hiroshi Mitsunaga*2

Senior Managing Executive Officer
Takuya Miyazaki

Senior Managing Executive Officer
Yasuyuki Yagi

Senior Managing Executive Officer
Hideki Hiraki

Senior Managing Executive Officer
Yukihiro Kitano

Managing Executive Officer
Jun Sasaki

Managing Executive Officer
Akihiko Shirayama

Managing Executive Officer
Tsuyoshi Saito

Managing Executive Officer
Toshiyuki Ueki

Managing Executive Officer
Akira Kamiyo

Managing Executive Officer
Mutsumi Watanabe

Managing Executive Officer
Toshiya Nishino

Managing Executive Officer
Koichi Onaka

Managing Executive Officer
Tadao Umezawa

Managing Executive Officer
Kazuhiro Sekine

Managing Executive Officer
Yasumi Nose

Managing Executive Officer
Hitoshi Sato

Managing Executive Officer
Atsushi Kaibara

Managing Executive Officer
Satoshi Kamiya

Managing Executive Officer
Kengo Noguchi

Managing Executive Officer
Naohiro Tanaka

Executive Officer
Toshio Yamasaki

Executive Officer
Hiroshi Takahashi

Executive Officer
Akira Yokota

Executive Officer
Seiji Iwakuma

Executive Officer
Kenji Kaiya

Executive Officer
Toshio Masui

Executive Officer
Shigeki Tanaka

Executive Officer
Kouji Koyanagi

Executive Officer
Yoshio Hishida

Executive Officer
Takeshi Yamauchi

Executive Officer
Kouichi Yamakado

Executive Officer
Kuniyuki Shudo

Executive Officer
Tetsuya Yamawaki

Executive Officer
Kenji Yamada

Executive Officer
Kouji Tanaka

Executive Officer
Yoshihisa Akutagawa

Executive Officer
Atsuhiro Tanimoto

Executive Officer
Kiyomitsu Asahi

Executive Officer
Kazuhisa Koashi

Executive Officer
Yoshinobu Yoshimoto

Executive Officer
Tsutomu Kurai

Executive Officer
Yoshinori Momose

Executive Officer
Akiyoshi Nagashima

Executive Officer
Ryouji Nishimoto

Executive Officer
Toshiya Shimobeppu

Executive Officer
Keiichi Hamano

Executive Officer
Noriyuki Awano

Executive Officer
Futoshi Itani

Executive Officer
Kazuya Oyama

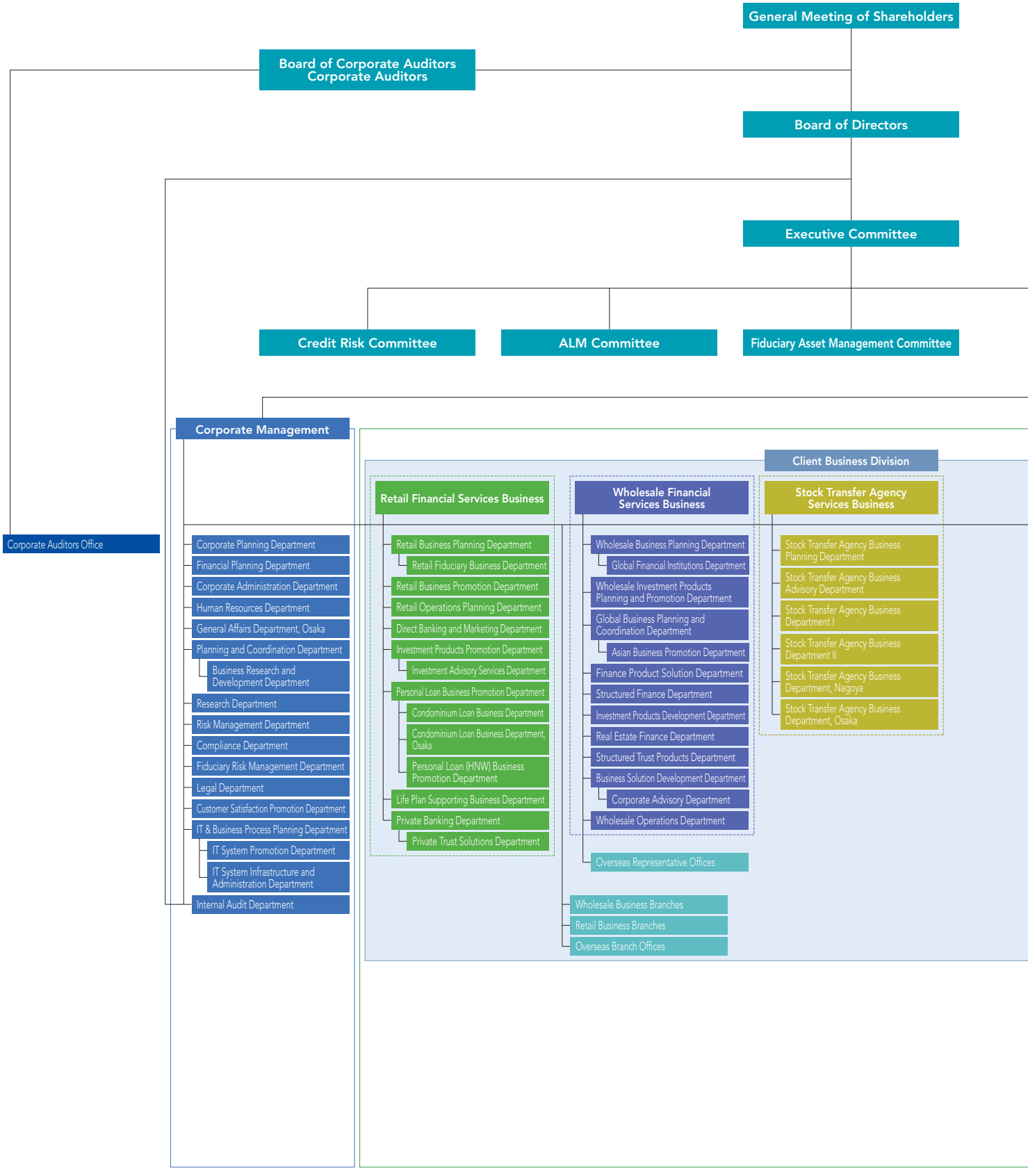
*1 External Directors as provided for in Article 2, Paragraph 15 of the Companies Act.
*2 External Corporate Auditors as provided for in Article 2, Paragraph 16 of the Companies Act.

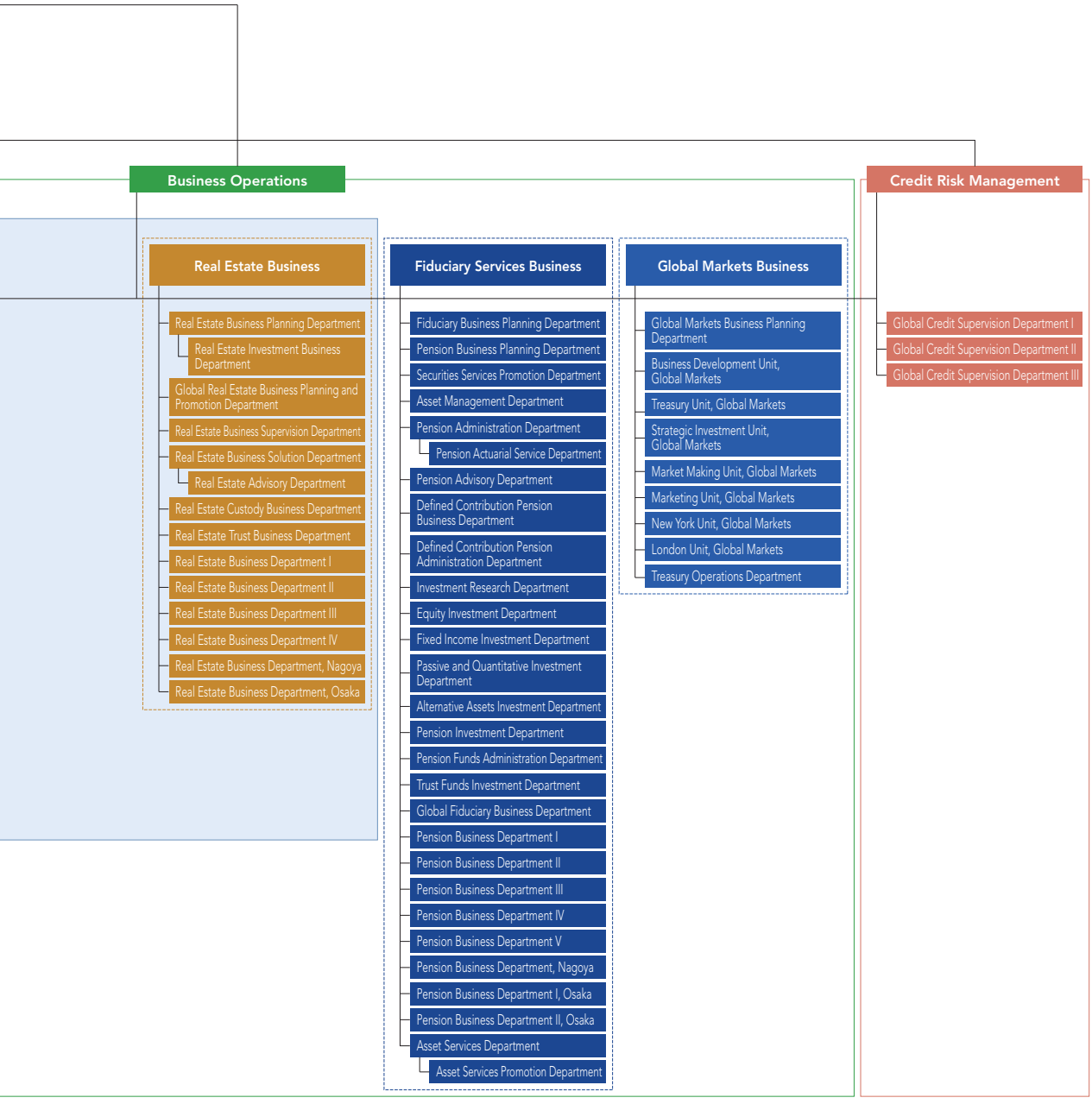
# Employees (As of March 31, 2015)

| Category | March 31, 2015 | March 31, 2014 |
|---|---|---|
| Number of Employees | 13,552 | 13,587 |
| Average Age | 42 years, 2 months | 41 years, 10 months |
| Average Length of Employment | 12 years, 10 months | 12 years, 6 months |
| Average Annual Salary | ¥ 7,205 thousand | ¥ 7,246 thousand |

Notes: 1. The number of employees indicates total personnel, etc., excluding employees seconded to other companies and temporary and part-time staff.
2. Average annual salary includes bonus and extra payment.

# Organizational Chart (As of April 1, 2015)




Business Operations
Real Estate Business
Real Estate Business Planning Department
Real Estate Investment Business Department
Global Real Estate Business Planning and Promotion Department
Real Estate Business Supervision Department
Real Estate Business Solution Department
Real Estate Advisory Department
Real Estate Custody Business Department
Real Estate Trust Business Department
Real Estate Business Department I
Real Estate Business Department II
Real Estate Business Department III
Real Estate Business Department IV
Real Estate Business Department, Nagoya
Real Estate Business Department, Osaka
Fiduciary Services Business
Fiduciary Business Planning Department
Pension Business Planning Department
Securities Services Promotion Department
Asset Management Department
Pension Administration Department
Pension Actuarial Service Department
Pension Advisory Department
Defined Contribution Pension Business Department
Defined Contribution Pension Administration Department
Investment Research Department
Equity Investment Department
Fixed Income Investment Department
Passive and Quantitative Investment Department
Alternative Assets Investment Department
Pension Investment Department
Pension Funds Administration Department
Trust Funds Investment Department
Global Fiduciary Business Department
Pension Business Department I
Pension Business Department II
Pension Business Department III
Pension Business Department IV
Pension Business Department V
Pension Business Department, Nagoya
Pension Business Department I, Osaka
Pension Business Department II, Osaka
Asset Services Department
Asset Services Promotion Department
Global Markets Business
Global Markets Business Planning Department
Business Development Unit, Global Markets
Treasury Unit, Global Markets
Strategic Investment Unit, Global Markets
Market Making Unit, Global Markets
Marketing Unit, Global Markets
New York Unit, Global Markets
London Unit, Global Markets
Treasury Operations Department
Credit Risk Management
Global Credit Supervision Department I
Global Credit Supervision Department II
Global Credit Supervision Department III

# Branches (As of June 30, 2015)

… These branches house two sales outlets under one roof, a "branch-in-a-branch" method.

## Hokkaido, Tohoku

**Sapporo Branch**
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

**Consulting Plaza Sapporo, Sapporo Branch**
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

**Sapporo-Chuo Branch**
1, Kita 2-jo Nishi 4-chome, Chuo-ku, Sapporo, Hokkaido 060-0002, Japan

**Sendai Branch**
1-7, Chuo 2-chome, Aoba-ku, Sendai, Miyagi 980-0021, Japan

**Sendai-Aoba Branch**
1-7, Chuo 2-chome, Aoba-ku, Sendai, Miyagi 980-0021, Japan

## Tokyo

**Tokyo Business Department**
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

**Nihonbashi Business Department**
1-1, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan

**Tokyo-Chuo Branch**
1-1, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-0022, Japan

**Consulting Plaza Shinbashi (Shinbashi Sub-Branch, Tokyo Business Department)**
20-1, Shinbashi 2-chome, Minato-ku, Tokyo 105-0004, Japan

**Toranomon Consulting Office (Toranomon Sub-Branch, Tokyo Business Department)**
7-1, Nishi Shinbashi 1-chome, Minato-ku, Tokyo 105-0003, Japan

**Shiba Business Department**
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

**Shinjuku-Nishiguchi Branch**
1-4, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-0023, Japan

**Consulting Plaza Shinjuku-Nishiguchi, Shinjuku-Nishiguchi Branch**
1-4, Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo 160-0023, Japan

**Shinjuku Branch**
26-11, Shinjuku 3-chome, Shinjuku-ku, Tokyo 160-0022, Japan

**Ueno Branch**
19-10, Ueno 1-chome, Taito-ku, Tokyo 110-0005, Japan

**Ueno-Chuo Branch**
19-10, Ueno 1-chome, Taito-ku, Tokyo 110-0005, Japan

**Meguro Branch**
25-5, Kamioosaki 2-chome, Shinagawa-ku, Tokyo 141-0021, Japan

**Omori Branch**
1-1, Sannou 2-chome, Ota-ku, Tokyo 143-0023, Japan

**Sangenjaya Branch**
1-1, Taishido 4-chome, Setagaya-ku, Tokyo 154-0004, Japan

**Futako-Tamagawa Consulting Office (Futako-Tamagawa Sub-Branch, Shibuya-Chuo Branch)**
22-12, Tamagawa 2-chome, Setagaya-ku, Tokyo 158-0094, Japan

**Consulting Plaza Seijo (Seijo Sub-Branch, Shinjuku-Nishiguchi Branch)**
5-34, Seijo 6-chome, Setagaya-ku, Tokyo 157-0066, Japan

**Consulting Plaza Chitose-Karasuyama (Chitose Karasuyama Sub-Branch, Shinjuku Branch)**
4-31, Minami Karasuyama 6-chome, Setagaya-ku, Tokyo 157-0062, Japan

**Shibuya Branch**
3-2, Dogenzaka 2-chome, Shibuya-ku, Tokyo 150-0043, Japan

**Shibuya-Chuo Branch**
22-3, Jinnan 1-chome, Shibuya-ku, Tokyo 150-0041, Japan

**Jiyugaoka Branch**
10-20, Jiyugaoka 2-chome, Meguro-ku, Tokyo 152-0035, Japan

**Nakano Branch**
62-5, Nakano 5-chome, Nakano-ku, Tokyo 164-0001, Japan

**Ogikubo Branch**
16-16, Kamiogi 1-chome, Suginami-ku, Tokyo 167-0043, Japan

**Ikebukuro Branch**
41-7, Higashi Ikebukuro 1-chome, Toshima-ku, Tokyo 170-0013, Japan

**Ikebukuro-Higashiguchi Branch**
41-7, Higashi Ikebukuro 1-chome, Toshima-ku, Tokyo 170-0013, Japan

**Shakujii Branch**
14-1, Shakujii-cho 2-chome, Nerima-ku, Tokyo 177-0041, Japan

**Kichijoji Branch**
14-9, Kichijoji Hon-cho 1-chome, Musashino, Tokyo 180-0004, Japan

**Kichijoji-Chuo Branch**
2-14, Kichijoji Hon-cho 2-chome, Musashino, Tokyo 180-0004, Japan

**Tachikawa Branch**
4-5, Akebono-cho 2-chome, Tachikawa, Tokyo 190-0012, Japan

**Tachikawa-Kitaguchi Consulting Office (Tachikawa-Kitaguchi Sub-Branch, Kichijoji-Chuo Branch)**
4-5, Akebono-cho 2-chome, Tachikawa, Tokyo 190-0012, Japan

**Tachikawa Housing Loan Center Sub-Branch, Tachikawa Branch**
14-13, Akebono-cho 1-chome, Tachikawa, Tokyo 190-0012, Japan

**Hachioji Branch**
9-1, Asahi-cho, Hachioji, Tokyo 192-0083, Japan

**Hachioji-Ekimae Branch**
1-4, Asahi-cho, Hachioji, Tokyo 192-0083, Japan

**Machida Branch**
3-4, Haramachida 6-chome, Machida, Tokyo 194-0013, Japan

**Tama-Sakuragaoka Branch**
1-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

**Seiseki-Sakuragaoka Consulting Office (Seiseki-Sakuragaoka Sub-Branch, Shinjuku Branch)**
7-5, Sekido 1-chome, Tama, Tokyo 206-0011, Japan

**Consulting Plaza Tama-Center (Tama-Center Sub-Branch, Tama-Sakuragaoka Branch)**
44, Ochiai 1-chome, Tama, Tokyo 206-0033, Japan

## Kanto

**Urawa Branch**
12-1, Takasago 1-chome, Urawa-ku,
Saitama 330-0063, Japan

**Consulting Plaza Urawa, Urawa Branch**
12-1, Takasago 1-chome, Urawa-ku,
Saitama 330-0063, Japan

**Omiya Branch**
32, Daimon-cho 1-chome, Omiya-ku,
Saitama 330-8511, Japan

**Omiya-Ekimae Branch**
32, Daimon-cho 1-chome, Omiya-ku,
Saitama 330-8511, Japan

**Tokorozawa Branch**
3-5, Hiyoshi-cho, Tokorozawa, Saitama 359-8691, Japan

**Tokorozawa-Ekimae Branch**
3-5, Hiyoshi-cho, Tokorozawa, Saitama 359-8691, Japan

**Koshigaya Branch**
14-22, Yayoi-cho, Koshigaya, Saitama 343-0816, Japan

**Sugito Branch**
13-12, Sugito 2-chome, Sugito-machi, Kitakatsushika-gun,
Saitama 345-0036, Japan

**Chiba Branch**
1-16, Fujimi 1-chome, Chuo-ku, Chiba 260-0015, Japan

**Chiba-Ekimae Branch**
1-16, Fujimi 1-chome, Chuo-ku, Chiba 260-0015, Japan

**Ichikawa Branch**
7-13, Ichikawa 1-chome, Ichikawa, Chiba 272-0034, Japan

**Funabashi Branch**
3-1, Hon-cho 1-chome, Funabashi, Chiba 273-0005, Japan

**Tsudanuma Branch**
14-5, Maebara Nishi 2-chome, Funabashi,
Chiba 274-0825, Japan

**Matsudo Branch**
2-1, Hon-cho, Matsudo, Chiba 271-0091, Japan

**Kashiwa Consulting Office**
**(Kashiwa Sub-Branch, Ueno-Chuo Branch)**
1-2, Asahi-cho 1-chome, Kashiwa, Chiba 277-0852, Japan

**Yachiyo Branch**
3-1, Yachiyodai Minami 1-chome, Yachiyo,
Chiba 276-0033, Japan

**Yokohamaeki-Nishiguchi Branch**
6-31, Minami Saiwai 1-chome, Nishi-ku, Yokohama, Kanagawa
220-0005, Japan

**Yokohama Branch**
14-10, Minami Saiwai 1-chome, Nishi-ku, Yokohama, Kanagawa
220-0005, Japan

**Futamatagawa Sub-Branch**
**(Futamatagawa Sub-Branch,**
**Yokohamaeki-Nishiguchi Branch)**
3-2, Futamatagawa 1-chome, Asahi-ku, Yokohama, Kanagawa
241-0821, Japan

**Tama-Plaza Branch**
15-8, Utsukushigaoka 2-chome, Aoba-ku, Yokohama,
Kanagawa 225-0002, Japan

**Aobadai Consulting Office**
**(Aobadai Sub-Branch, Shibuya-Chuo Branch)**
9-2, Aobadai 2-chome, Aoba-ku, Yokohama,
Kanagawa 227-0062, Japan

**Consulting Plaza Kohoku**
**(Kohoku Sub-Branch, Tama-Plaza Branch)**
1-3, Nakagawa Chuo 1-chome, Tsuzuki-ku, Yokohama,
Kanagawa 224-0003, Japan

**Konandai Branch**
15-2-102, Konandai 3-chome, Konan-ku, Yokohama, Kanagawa
234-0054, Japan

**Consulting Plaza Kamiooka**
**(Kamiooka Sub-Branch,**
**Yokohamaeki-Nishiguchi Branch)**
6-1, Kamiooka Nishi 1-chome, Konan-ku, Yokohama, Kanagawa
233-8556, Japan

**Consulting Plaza Totsuka**
**(Totsuka Sub-Branch,**
**Yokohamaeki-Nishiguchi Branch)**
16-1, Totsuka-cho, Totsuka-ku, Yokohama,
Kanagawa 244-0003, Japan

**Kawasaki Branch**
3-1, Ekimae Hon-cho, Kawasaki-ku, Kawasaki,
Kanagawa 210-0007, Japan

**Shin-Yurigaoka Branch**
5-3, Kamiasao 1-chome, Asao-ku, Kawasaki,
Kanagawa 215-0021, Japan

**Yokosuka Branch**
3, Odaki-cho 2-chome, Yokosuka,
Kanagawa 238-0008, Japan

**Fujisawa Branch**
21-1-101, Minami Fujisawa, Fujisawa,
Kanagawa 251-0055, Japan

**Fujisawa-Chuo Branch**
1-2, Kugenuma Higashi, Fujisawa,
Kanagawa 251-0026, Japan

**Sagami-Ono Branch**
13-7, Sagamiono 3-chome, Minami-ku, Sagamihara,
Kanagawa 252-0303, Japan

**Atsugi Sub-Branch, Machida Branch**
5-14, Naka-cho 3-chome, Atsugi,
Kanagawa 243-0018, Japan

**Odawara Branch**
2-12, Sakae-cho 1-chome, Odawara,
Kanagawa 250-0011, Japan

**Utsunomiya Branch**
4-12, Hon-cho, Utsunomiya, Tochigi 320-0033, Japan

**Maebashi Branch**
2-12, Hon-machi 2-chome, Maebashi,
Gunma 371-0023, Japan

## Koshinetsu, Hokuriku

**Kofu Branch**
17-14, Marunouchi 1-chome, Kofu, Yamanashi 400-0031, Japan

**Niigata Branch**
1178-1, Kamiokawa-maedori Rokuban-cho, Chuo-ku, Niigata 951-8068, Japan

**Niigata-Chuo Branch**
905, Nishibori-maedori Rokuban-cho, Chuo-ku, Niigata 951-8062, Japan

**Toyama Branch**
1-36, Sakura-machi 1-chome, Toyama 930-0003, Japan

**Kanazawa Branch**
10, Shimo Tsutsumi-cho, Kanazawa, Ishikawa 920-0917, Japan

**Kanazawa-Chuo Branch**
1-18, Kami Tsutsumi-cho, Kanazawa, Ishikawa 920-0869, Japan

**Fukui Branch**
7-1, Chuo 1-chome, Fukui 910-0006, Japan

## Tokai

**Nagoya Business Department**
15-33, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-0008, Japan

**Consulting Plaza Nagoya, Nagoya Business Department**
15-33, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-0008, Japan

**Nagoya-Sakae Branch**
1-1, Sakae 4-chome, Naka-ku, Nagoya, Aichi 460-0008, Japan

**Kanayamabashi Sub-Branch, Nagoya Business Department**
14-9, Kanayama 1-chome, Naka-ku, Nagoya, Aichi 460-0022, Japan

**Nagoya-Ekimae Branch**
26-8, Meieki 3-chome, Nakamura-ku, Nagoya, Aichi 450-0002, Japan

**Meieki-Minami Branch**
24-30, Meieki Minami 1-chome, Nakamura-ku, Nagoya, Aichi 450-0003, Japan

**Ichinomiya Branch**
7-15, Sakae 3-chome, Ichinomiya, Aichi 491-0858, Japan

**Okazaki Branch**
16, Koseidori-Nishi 3-chome, Okazaki, Aichi 444-0059, Japan

**Toyohashi Branch**
135, Ekimaeoodori 1-chome, Toyohashi, Aichi 440-0888, Japan

**Shizuoka Branch**
9-5, Miyuki-cho, Aoi-ku, Shizuoka 420-0857, Japan

**Shizuoka-Chuo Branch**
3-10, Koya-machi, Aoi-ku, Shizuoka 420-0852, Japan

**Numazu Branch**
4-2, Ote-machi 5-chome, Numazu, Shizuoka 410-0801, Japan

**Gifu Branch**
3, Nagazumi-cho 2-chome, Gifu 500-8175, Japan

**Yokkaichi Branch**
5-4, Suwa-cho, Yokkaichi, Mie 510-8650, Japan

## Kinki

**Osaka Business Department**
5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

**Osaka-Chuo Branch**
5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

**Umeda Branch**
8-47, Kakuda-cho, Kita-ku, Osaka 530-0017, Japan

**Hankyu-Umeda Branch**
8-47, Kakuda-cho, Kita-ku, Osaka 530-0017, Japan

**Consulting Plaza Hankyu-Umeda, Hankyu-Umeda Branch**
8-47, Kakuda-cho, Kita-ku, Osaka 530-0017, Japan

**Namba Branch**
1-60, Namba 5-chome, Chuo-ku, Osaka 542-0076, Japan

**Namba Housing Loan Center Sub-Branch, Namba Branch**
4-4, Namba 4-chome, Chuo-ku, Osaka 542-0076, Japan

**Namba-Chuo Branch**
7-17, Namba 3-chome, Chuo-ku, Osaka 542-0076, Japan

**Abenobashi Branch**
6-1, Abenosuji 1-chome, Abeno-ku, Osaka 545-0052, Japan

**Abeno Branch**
6-1, Abenosuji 1-chome, Abeno-ku, Osaka 545-0052, Japan

**Sakai Branch**
59-2, Mikunigaoka Miyuki-dori, Sakai-ku, Sakai, Osaka 590-0028, Japan

**Consulting Plaza Izumigaoka (Senboku Sub-Branch, Sakai Branch)**
2-1, Chayamadai 1-chome, Minami-ku, Sakai, Osaka 590-0115, Japan

**Yao Branch**
6-8, Higashi Hon-machi 3-chome, Yao, Osaka 581-0004, Japan

**Hirakata Branch**
13-20, Oka Higashi-cho, Hirakata, Osaka 573-0032, Japan

**Keihan-Hirakata Branch**
13-20, Oka Higashi-cho, Hirakata, Osaka 573-0032, Japan

**Takatsuki Branch**
5-20, Konya-machi, Takatsuki, Osaka 569-0804, Japan

**Ibaraki Branch**
2-30, Futaba-cho, Ibaraki, Osaka 567-0829, Japan

**Toyonaka Branch**
1-1, Hon-machi 1-chome, Toyonaka, Osaka 560-0021, Japan

**Senri-Chuo Branch*1**
1-3, Shinsenri Higashi-machi 1-chome, Toyonaka, Osaka 560-0082, Japan

*1 The Senri-Chuo Branch will be reopened on July 21, 2015 in a redeveloped building with the same address as before.

**Ikeda Branch**
1-1-134, Kureha-cho, Ikeda, Osaka 563-0048, Japan

**Kobe Branch**
1-6, Goko-dori 8-chome, Chuo-ku,
Kobe, Hyogo 651-0087, Japan

**Kobe-Sannomiya Branch**
1-6, Goko-dori 8-chome, Chuo-ku,
Kobe, Hyogo 651-0087, Japan

**Consulting Plaza Seishin-Chuo (Seishin-Chuo Sub-Branch, Kobe Branch)**
9-4, Kojidai 5-chome, Nishi-ku, Kobe,
Hyogo 651-2273, Japan

**Tsukaguchi Branch**
15-1, Tsukaguchi-cho 1-chome, Amagasaki,
Hyogo 661-0002, Japan

**Nishinomiya Consulting Office (Nishinomiya Sub-Branch, Umeda Branch)**
5-39, Takamatsu-cho, Nishinomiya,
Hyogo 663-8204, Japan

**Ashiya Consulting Office (Ashiya Sub-Branch, Umeda Branch)**
5-2, Funado-cho, Ashiya, Hyogo 659-0093, Japan

**Kawanishi Branch**
7-18, Chuo-cho, Kawanishi, Hyogo 666-0016, Japan

**Akashi Branch**
5-28, Higashinakano-machi, Akashi, Hyogo 673-0886, Japan

**Himeji Branch**
252, Ekimae-cho, Himeji, Hyogo 670-0927, Japan

**Kyoto Branch**
612, Karasuma-dori Shijo-sagaru Suiginya-cho, Shimogyo-ku,
Kyoto 600-8411, Japan

**Kyoto-Shijo Branch**
66, Tachiurinishi-machi, Higashiiru, Higashitoin, Shijyodori,
Shimogyo-ku, Kyoto 600-8007, Japan

**Consulting Plaza Kyoto-Shijo, Kyoto-Shijo Branch**
66, Tachiurinishi-machi, Higashiiru, Higashitoin, Shijyodori,
Shimogyo-ku, Kyoto 600-8007, Japan

**Otsu Branch**
3-10, Umebayashi 1-chome, Otsu, Shiga 520-0051, Japan

**Nara-Saidaiji Branch**
1-50, Saidaiji Higashi-machi 2-chome,
Nara 631-0821, Japan

**Consulting Plaza Gakuenmae (Gakuenmae Sub-Branch, Namba-Chuo Branch)**
8-11, Gakuen Kita 1-chome, Nara 631-0036, Japan

**Wakayama Branch**
3-6, Higashi Kuramae-cho, Wakayama 640-8203, Japan

## Chugoku, Shikoku

**Tottori Branch**
103, Ima-machi 1-chome, Tottori 680-0822, Japan

**Okayama Branch**
1-5, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

**Okayama-Chuo Branch**
1-5, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

**Okayama-Ekimae Sub-Branch, Okayama Branch**
1-6, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

**Okayama-Ekimae Sub-Branch, Okayama-Chuo Branch**
1-6, Ekimoto-machi, Kita-ku, Okayama 700-0024, Japan

**Hiroshima Branch**
2-22, Kamiya-cho 1-chome, Naka-ku,
Hiroshima 730-0031, Japan

**Hiroshima-Chuo Branch**
2-22, Kamiya-cho 1-chome, Naka-ku,
Hiroshima 730-0031, Japan

**Fukuyama Branch**
15-1, Moto-machi, Fukuyama, Hiroshima 720-0063, Japan

**Yamaguchi-Hofu Branch**
4-24, Ebisu-machi 1-chome, Hofu,
Yamaguchi 747-0036, Japan

**Takamatsu Branch**
9-4, Konya-machi, Takamatsu, Kagawa 760-0027, Japan

**Matsuyama Branch**
11-1, Sanban-cho 4-chome, Matsuyama,
Ehime 790-0003, Japan

## Kyushu

**Fukuoka Branch**
12-1, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001, Japan

**Fukuoka-Tenjin Branch**
12-1, Tenjin 2-chome, Chuo-ku, Fukuoka 810-0001, Japan

**Kita-Kyushu Branch**
1-5, Kaji-machi 1-chome, Kokurakita-ku, Kita-Kyushu, Fukuoka
802-0004, Japan

**Saga Branch**
3-2, Matsubara 1-chome, Saga 840-0831, Japan

**Kumamoto Branch**
2-5, Tetori Hon-cho, Chuo-ku, Kumamoto 860-0808, Japan

**Kumamoto-Chuo Branch**
10-34, Hanabata-cho, Chuo-ku,
Kumamoto 860-0806, Japan

**Oita Branch**
3-23, Chuo-machi 1-chome, Oita 870-0035, Japan

**Kagoshima Branch**
7-8-101, Kinsei-cho, Kagoshima 892-0828, Japan

## Overseas Network

### Branch

**New York Branch**
527 Madison Avenue, New York, NY 10022, U.S.A

**London Branch**
155 Bishopsgate, London EC2M 3XU, U.K.

**Singapore Branch**
One Raffles Quay, #24-01 North Tower, Singapore 048583

**Shanghai Branch**
50F Jin Mao Tower, 88 Shiji Dadao Pudong New Area,
Shanghai 200121, People's Republic of China

**Hong Kong Branch**
25/F, AIA Central, 1 Connaught Road, Central, Hong Kong

### Representative Office

**Beijing Representative Office (Banking business)**
Room 7009, 7th Floor, Chang Fu Gong Office Building,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

**Beijing Representative Office (Securities business)**
Room 5011, 5th Floor, Chang Fu Gong Office Building,
No. 26, Jianguomenwai Dajie, Chaoyang District,
Beijing 100022, People's Republic of China

**Jakarta Representative Office**
20th Floor, Summitmas I,
Jl. Jend. Sudirman, Kaveling 61-62,
Jakarta 12190, Indonesia

**Seoul Representative Office**
20th Floor, Samsung Life Insurance Building, 55,
Seijong Street (Taepyeongno 2-ga), Jung-gu,
Seoul 100-716, Korea

**Bangkok Representative Office**
15th Floor, GPF Witthayu Tower A, Suite 1502,
93/1 Wireless Road, Pathumwan, Bangkok 10330, Thailand

# Number of Contracted Trust Agencies* (As of June 30, 2015)

* Trust Agency is a collective term that refers to trust contract agencies under the Trust Business Act as well as agencies concurrently engaged in trust business under Article 1 of the Act on Provision, etc. of Trust Business by Financial Institutions.

| Type | | Number of Agencies | | | |
|---|---|---|---|---|---|
| | | Trust Contract Agencies | Agencies Engaged in Concurrent Business | | |
| | | | Stock Transfer Agency Service | Service Related to Wills | Solicitation for National Pension Fund |
| Banks, Shinkin Banks, etc. | 93 | 67 | 43 | 62 | 41 |
| Regional Banks | 41 | 39 | 30 | 28 | 16 |
| Second Regional Banks | 17 | 12 | 8 | 11 | 11 |
| Shinkin Central Bank, Shinkin Banks | 31 | 13 | 3 | 21 | 14 |
| Shoko Chukin Bank | 1 | 1 | — | 1 | — |
| (Total of Regional Financial Institutions) | 90 | 65 | 41 | 61 | 41 |
| City Banks, etc. | 3 | 2 | 2 | 1 | — |
| Securities Firms | 7 | 1 | 4 | 7 | — |
| Life Insurers and Business Enterprises | 16 | 2 | 1 | 15 | — |
| Total | 116 | 70 | 48 | 84 | 41 |

# Bank Service Agency (As of June 30, 2015)

| | |
|---|---|
| Trade Name of Bank Service Agency | SBI Sumishin Net Bank, Ltd. |
| Business Offices, etc. Operating Bank Agency Service | Head Office, Shinjuku Business Center, Ichigo Branch, Budou Branch, Mikan Branch, Lemon Branch, Ringo Branch (7 Branches) |

# Subsidiaries and Affiliated Companies (As of June 30, 2015)

## Japan

| Name | Location | Date of Establishment | Paid-in Capital (Millions) | Scope of Business | Ownership by SuMi TRUST Bank (%) | Ownership by subsidiaries (%) |
|---|---|---|---|---|---|---|
| Tokyo Securities Transfer Agent Co., Ltd. | 6-2, Otemachi 2-chome, Chiyoda-ku, Tokyo | November 1, 1962 | ¥ 50 | Stock Transfer Agency Services | 100.0 | — |
| Sumitomo Mitsui Trust Guarantee Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | July 10, 1978 | ¥ 301 | Housing Loan Guaranty Business | 100.0 | — |
| Sumitomo Mitsui Trust General Service Co., Ltd. | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | April 2, 1988 | ¥ 100 | Property Leasing and Management Business | 100.0 | — |
| Sumitomo Mitsui Trust Wealth Partners Co., Ltd. | 6-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | November 6, 1989 | ¥ 155 | Consulting Business | 100.0 | — |
| Sumitomo Mitsui Trust Business Service Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | May 24, 1990 | ¥ 100 | Clerical Agency, Temporary Staffing Business, Outplacement Agency | 100.0 | — |
| Sumitomo Mitsui Trust Loan & Finance Co., Ltd. | 2-1, Yaesu 2-chome, Chuo-ku, Tokyo | January 22, 1992 | ¥ 6,000 | Money Lending Business | 100.0 | — |
| Sumitomo Mitsui Trust TA Solution Co., Ltd. | 8-4 Izumi 2-chome, Suginami-ku, Tokyo | July 1, 1998 | ¥ 2,005 | IT, Calculation Outsourcing Business | 100.0 | — |
| Sumitomo Mitsui Trust Real Estate Investment Management Co., Ltd. | 11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo | November 7, 2005 | ¥ 300 | Investment Management, Investment Advisory | 100.0 | — |
| Sumitomo Mitsui Trust Career Partners Co., Ltd. | 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo | April 3, 2006 | ¥ 100 | Training Programs, Personnel-related Services | 100.0 | — |
| Nikko Asset Management Co., Ltd. | 7-1, Akasaka 9-chome, Minato-ku, Tokyo | December 1, 1959 | ¥ 17,363 | Investment Management, Investment Advisory | 91.3 | — |
| Japan Securities Agents, Ltd. | 2-4, Nihonbashi-kayabacho 1-chome, Chuo-ku, Tokyo | September 13, 1950 | ¥ 500 | Stock Transfer, Account Management Agency Services | 85.1 | — |
| Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. | 2-3, Shibaura 1-chome, Minato-ku, Tokyo | February 27, 1967 | ¥ 25,584 | General Leasing, Installment Purchase Services, Credit Card Business | 84.8 | — |
| Top REIT Asset Management Co., Ltd. | 3-7, Yaesu 1-chome, Chuo-ku, Tokyo | October 22, 2004 | ¥ 300 | Investment Corporation, Asset Management Business | 69.0 | — |
| Sumishin Guaranty Company Limited | 33-1, Shiba 3-chome, Minato-ku, Tokyo | August 25, 1977 | ¥ 300 | Loan Guarantee Business | — | 100.0 |
| Sumitomo Mitsui Trust Card Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | June 24, 1983 | ¥ 100 | Credit Card Business | 50.0 | 50.0 |
| Sumitomo Mitsui Trust Systems & Services Co., Ltd. | 1-10, Nikko-cho, Fuchu, Tokyo | February 12, 1973 | ¥ 100 | IT-related Services Business | 44.4 | 55.6 |
| Sumitomo Mitsui Trust Investment Co., Ltd. | 33-1, Shiba 3-chome, Minato-ku, Tokyo | March 22, 2000 | ¥ 100 | Equity Investment Business | 40.0 | 60.0 |
| Sumitomo Mitsui Trust Realty Co., Ltd. | 11-1, Kanda-nishikicho 3-chome, Chiyoda-ku, Tokyo | January 24, 1986 | ¥ 300 | Real Estate Brokerage Business | 4.6 | 95.4 |
| SBI Sumishin Net Bank, Ltd. | 6-1, Roppongi 1-chome, Minato-ku, Tokyo | June 3, 1986 | ¥ 31,000 | Banking Business | 50.0 | — |
| Japan Pension Operation Service, Ltd. | 24-1, Nihonbashi-hakozakicho, Chuo-ku, Tokyo | December 21, 2004 | ¥ 1,500 | Calculation of Pension Payments, etc., Clerical Outsourcing Business | 50.0 | — |
| Japan Stockholders Data Service Company, Limited | 8-4 Izumi 2-chome, Suginami-ku, Tokyo | April 1, 2008 | ¥ 2,000 | Stock Transfer Outsourcing Business | 50.0 | — |
| HR One Corporation | 4-1, Shibakouen 2-chome, Minato-ku, Tokyo | May 20, 2002 | ¥ 519 | HR-related Services Business | 35.8 | — |
| Sky Ocean Asset Management Co., Ltd. | 1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa | November 25, 2014 | ¥ 300 | Investment Management | 34.0 | — |
| Mitsui & Co., Logistics Partners Ltd. | 4-3 Hitotsubashi 2-chome, Chiyoda-ku, Tokyo | July 13, 2004 | ¥ 150 | Investment Corporation, Asset Management Business | 29.0 | — |

## Overseas

| Name | Location | Date of Establishment | Paid-in Capital (Millions) | Scope of Business | Ownership by SuMi TRUST Bank (%) | Ownership by subsidiaries (%) |
|---|---|---|---|---|---|---|
| Sumitomo Mitsui Trust (Hong Kong) Limited | 25/F, AIA Central, 1 Connaught Road, Central, Hong Kong | July 4, 1978 | $ 45 | Securities Business | 100.0 | — |
| Sumitomo Mitsui Trust Bank (Luxembourg) S.A. | 2, rue Peternelchen, L-2370, Howald, Grand Duchy of Luxembourg | April 22, 1985 | $ 30 | Trust, Banking, Securities Businesses | 100.0 | — |
| Sumitomo Mitsui Trust (UK) Limited | 155 Bishopsgate, London EC2M 3XU, U.K. | March 6, 1986 | £ 1.78 | Trust Business | 100.0 | — |
| Sumitomo Mitsui Trust International Limited | 155 Bishopsgate, London EC2M 3XU, U.K. | July 2, 1986 | £ 20 | Securities Business | 100.0 | — |
| Sumitomo Mitsui Trust Bank (U.S.A.) Limited | 111 River Street, Hoboken, NJ 07030, U.S.A. | May 20, 2002 | $ 56 | Banking, Trust Businesses | 100.0 | — |
| Sumitomo Mitsui Trust (Ireland) Limited | Block 5, Harcourt Centre, Harcourt Road, Dublin 2, Ireland | June 1, 2004 | € 41.87 | Trust Business | 100.0 | — |
| STB Finance Cayman Limited | PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | January 19, 1993 | $ 0.01 | Finance Business | 100.0 | — |
| STB Preferred Capital 3 (Cayman) Limited | PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | February 14, 2007 | ¥ 51,500 | Finance Business | 100.0 | — |
| STB Preferred Capital 4 (Cayman) Limited | PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands | May 26, 2008 | ¥ 111,600 | Finance Business | 100.0 | — |
| Zijin Trust Co., Ltd. | 30th Floor, Zifeng Tower, 2 Zhongshan Road(N), Gulou District, Nanjing 210008, People's Republic of China | September 25, 1992 | RMB 1,200 | Trust Business | 19.9 | — |
| Sumitomo Mitsui Trust Bank (Thai) Public Company Limited | 32nd Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand | July 7, 2014 | THB 20,000 | Preparations for the start of banking operations | 99.9 | 0.0 |

# Financial Data:

## Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")


| | |
|---|---|
| How to Read the Financial Statements of Trust Banks (Unaudited) | 90 |
| Management's Discussion and Analysis (Unaudited) | 92 |
| Five-Year Summary (Unaudited) | 100 |
| Consolidated Balance Sheet | 102 |
| Consolidated Statement of Income | 103 |
| Consolidated Statement of Comprehensive Income | 104 |
| Consolidated Statement of Changes in Net Assets | 105 |
| Consolidated Statement of Cash Flows | 108 |
| Notes to the Consolidated Financial Statements | 110 |
| Independent Auditors' Report | 176 |
| Non-Consolidated Balance Sheet (Unaudited) | 177 |
| Non-Consolidated Statement of Income (Unaudited) | 178 |
| Non-Consolidated Statement of Changes in Net Assets (Unaudited) | 179 |
| Statements of Trust Account (Unaudited) | 182 |
| Notes to Statements of Trust Account (Unaudited) | 183 |

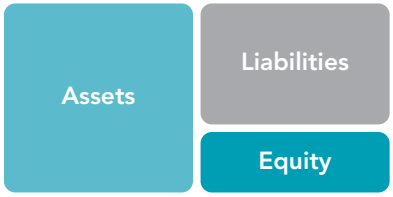
Financial Data:

# How to Read the Financial Statements of Trust Banks (Unaudited)

## Balance Sheets of Trust Banks

(1) The financial statements of trust banks comprise two balance sheets: one for a banking account and the other for a trust account. The balance sheet for the banking account presents capital, fund management, and finance of trust banks. The balance sheet for the trust account shows assets that trust banks manage, administer, and dispose on behalf of the beneficiaries, according to the trusts' investment objectives, when the trusts have been set up for the trustors.

**Balance sheet of banking account**




**Statement of trust account**




(2) The outcomes (gains or losses) of asset management, administration, and disposition of the trust account pertain to the beneficiaries (after deducting trust fees). In principle, they do not affect the banking account. However, loan trusts and jointly operated money trusts ("JOMTs"), which are covered by deposit insurance, are treated as exceptions due to their principal guaranteed feature. As a result, the balance sheets for loan trusts and the JOMT accounts are disclosed, and, together with the banking account, become the "three major accounts" of trust banks. It is common for trust banks to manage various financial risks at the level of these accounts.

(Note) Japanese trust banks have stopped offering new loan trusts. The loan trusts, therefore, have a limited impact on the balance sheet and financial reporting.

(3) The liabilities section in statements of trust accounts shows the balance for each trust type. The assets section shows assets, such as loans, securities, real estate, and monetary claims, held in various trusts.

Money trusts include a wide variety of trust products. They include, for example, products with discretionary management rights, such as JOMTs and individually operated designated money trusts (referred to as *Shiteitan*), and products without discretionary management rights, such as specified money trusts (referred to as *Tokkin*). Fees for these products vary. Aside from money trusts, the trust banks have discretionary management rights for loan trusts and pension trusts, but not for investment trusts or securities trusts.

## Statements of Income of Trust Banks

The trust banks disclose statements of income for banking accounts. The main components of "Net Business Profit before Credit Costs," which is equivalent to operating profit for other companies are as follows:

(1) Trust Fees
(2) Net Credit Cost of loan trusts and JOMT accounts
(3) Net Interest Income
(4) Net Fees and Commissions
(5) Net Trading Income
(6) Net Other Ordinary Income (gains or losses on sales of bonds, net gain or loss on foreign exchange transactions, net income or expense on derivatives other than trading or hedging)
(7) Gross Business Profit: (1)+(3)+(4)+(5)+(6)
(8) General and Administrative Expenses
(9) Transfer to general allowance for loan losses
(10) Net Business Profit: (7)−(8)−(9)
(11) Net Business Profit before Credit Costs: (10)+(2)+(9)

## Fee Revenues of Trust Banks: Trust Fees and Net Fees and Commissions

In trust banks, broadly speaking, there are two types of fee revenues: "Trust Fees" and "Net Fees and Commissions." Fees that trust banks receive on trust contracts are posted to "Trust Fees." Fees and commissions on general service contracts are posted to "Net Fees and Commissions." Note that fees related to the loan trusts and JOMT accounts have characteristics similar to the banking business (deposits and loans) and are generally excluded from "Trust Fees." Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries (together, the "SuMi TRUST Group") include these fees in "Net Interest Income and Related Profit."

### Fee Revenues

**Trust Fees (excluding loan trusts & JOMTs)**

- Pension trust fees *1
- Individually operated designated money trust fees *1
- Investment trust & specified money trust fees *2
- Asset securitization-related trust fees
- Real estate brokerage fees

**Net Fees and Commissions**

- Investment trust and insurance sales fees
- Discretionary investment fees
- Real estate brokerage fees
- Stock transfer agency fees
- Syndicated loan fees

*1 Fees related to management and administration of money trusts with discretionary management rights

*2 Fees related to administration of money trusts without discretionary management rights

Financial Data:

# Management's Discussion and Analysis (Unaudited)

## Overview of Business Activities of the Company

### Economic and Financial Environment

Looking back on the economic environment during the fiscal year, in the first half of the year ended March 31, 2015, personal consumption remained stagnant and the economy was hampered by lackluster growth. In the second half, however, exports and production in the mining and manufacturing industry recovered and the economy started to experience a moderate recovery. From autumn, crude oil prices declined sharply narrowing the trade deficit. At the same time, however, the decline in crude oil prices yielded only an anemic rise in consumer prices. Overseas, amid heightened geopolitical risks, marked by conflicts in the Ukraine and the Middle East, the U.S economic recovery remained on track and the U.S Federal Reserve Board ended its quantitative easing program in October. On the other hand, concerns over deflation intensified in the Euro-zone, which led the European Central Bank to launch a quantitative easing program in January. The policy interest rate also declined after inflationary pressures had eased in response to sluggish economic activities in several countries and the decline in crude oil prices.

As a result, in the domestic financial market, the yen continued to weaken and stock prices remained on an uptrend throughout the fiscal year. The yen depreciated from 102 yen against the U.S. dollar in the first half of the year to the 120-yen range by the end of the fiscal year, reaching its highest level in seven years. Meanwhile, the Nikkei Stock Average returned to the 19,000-yen level for the first time in approximately 15 years.

### Developments of Business Activities

As the sole independent financial group in Japan that specializes in trust banking, we worked on various business activities amid these economic and financial conditions. We tried to refine business model by which we provide distinct added value and to enhance profitability through collaboration among the group companies.

### Developments of Each Business Segment

<Retail Financial Services Business>

In the retail financial services business, with regard to sales operations of investment trusts, life insurance and other products, SuMi TRUST Bank sought to expand its main product lineup with discretionary investment management products (wrap accounts), which emphasize "long-term, distributed and stable" management, and "Wrap Selection," which includes investment trusts and individual annuity insurance, and strengthen its consulting operations. For loans to individuals, SuMi TRUST Bank worked to expand the balance of loans and to develop products for a broad range of clients by flexibly setting interest rates for housing loan products based on market trends and through indemnity services. In inheritance-related services, SuMi TRUST Bank emphasized providing more cross generational services for clients, including inheritance products such as "Devotion for Grandchildren," a tuition fund endowment trust, and increasing the number of highly specialized consultants with extensive experience. Furthermore, SuMi TRUST Bank worked on methods to more promptly disseminate information to clients and enhance services by continuously holding seminars and consultation meetings.

Meanwhile, SBI Sumishin Net Bank, Ltd. leveraged its strengths as a dedicated internet bank to enhance its products and services and worked to expand the balance of loans by exploiting its core home mortgage products and enhancing consumer loans.

<Wholesale Financial Services Business>

In the wholesale financial services business, SuMi TRUST Bank sought to help boost the corporate value of its domestic and overseas clients based on a total solution strategy that utilizes multiple functions in an integrative manner, such as banking, trusts and real estate. In overseas markets, with increased collaborations with local financial institutions, SuMi TRUST Bank promoted greater business opportunities with both local Japanese and non-Japanese corporations. Furthermore, as new business areas to be focused on, SuMi TRUST Bank worked to expand the financial functions it offers to management funds that are raising their profile in the financial markets. It also worked on proposing asset administration services for business owners and providing fund management consultancy services and developing new management products and other services for financial institutions. SuMi TRUST Bank also continued to provide an appropriate response to facilitate the financing needs of corporate clients.

<Stock Transfer Agency Services Business>

In the stock transfer agency services business, SuMi TRUST Bank worked actively to strengthen its information provision services to facilitate corporate public relations activities for investors and shareholders by utilizing its accessibility to abundant information, which comes from possessing the industry's largest trust service base. Specifically, SuMi TRUST Bank worked to further improve its services to clients, such as general shareholders' meeting support and consulting on issues which are drawing attention primarily from overseas investors, including ESG (environment, society and governance) and shareholder trends when exercising voting rights. In addition, SuMi TRUST Bank made efforts to realize cost reduction by streamlining administration and improving administrative work.

<Real Estate Business>

In the real estate business, SuMi TRUST Bank expanded its real estate brokerage business in light of the improving conditions in the domestic real estate market by strengthening its sales structure, such as collaborating with client departments across the SuMi TRUST Bank Group, and by expanding the volume of information acquired through various consulting functions concerning construction, investment, and other matters. SuMi TRUST Bank also actively promoted the globalization of its real estate business, responding to the needs of overseas investors for real estate investments within Japan and the needs of Japanese clients for overseas expansion. With regard to real estate securitization trust business, SuMi TRUST Bank made efforts to increase its balance and to reduce costs by streamlining operations.

<Fiduciary Services Business>

In the pension-related business of the fiduciary services business, SuMi TRUST Bank leveraged its unique information provision and proposing capabilities across both pension systems and asset management. Furthermore, by providing high-quality management and administrative services, it has focused on developing new clients and on further cultivating business opportunities with existing clients. In the asset management and administration services, it has sought to strengthen its asset administration services to meet customer needs, proposed customized management schemes, and enhanced its product lineup and improved asset management performance. Furthermore, it has made efforts to increase collaborations with domestic and overseas financial institutions and to enhance its base by developing the global presence of its asset administration services through its overseas subsidiaries and affiliated companies.

In the asset administration business, Japan Trustee Services Bank, Ltd. made efforts to enhance its services in order to improve client satisfaction and worked to bolster competitiveness by reducing costs through streamlining operations.

<Global Markets Business>

In the Global markets business, amid accelerated efforts globally to undertake monetary easing, SuMi TRUST Bank achieved solid earnings by controlling risks in a flexible manner. In addition, SuMi TRUST Bank expanded and diversified its foreign currency funding in response to increased business overseas, while developing new products to address interest rate and foreign exchange risks and strengthening its proposal capabilities.

## Results of Business Activities

### (Consolidated Financial Results for the Fiscal Year 2014)

In the current fiscal year, net business profit before credit costs increased by ¥30.8 billion (U.S. $256 million) from the previous fiscal year to ¥316.7 billion (U.S. $2,635 million). This was due primarily to increases in net interest income and related profit, and net fees and commissions and related profits.

"Ordinary Profit" increased by ¥34.4 billion (U.S. $286 million) from the previous fiscal year to ¥292.4 billion (U.S. $2,433 million), due mainly to the improvement in total credit costs in addition to the increase in profit as above.

"Net Income" increased by ¥21.9 billion (U.S. $182 million) from the previous fiscal year to ¥159.6 billion (U.S. $1,328 million). There was a positive effect from a change in the example categories of SuMi TRUST Bank under the practical guidelines for tax effect accounting, while SuMi TRUST Bank posted banking information technology system integration costs as "Extraordinary Losses."

### Consolidated BIS Capital Adequacy Ratio

Consolidated Equity Tier 1 capital ratio was 10.28%, Consolidated Tier 1 capital ratio was 11.45%, and Consolidated Total capital ratio was 15.57% as of March 31, 2015, exceeding the minimum regulatory requirements of 4.50%, 6.00%, and 8.00%, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥120.18 to U.S. $1, the approximate rate of exchange as of March 31, 2015.

## Operating Results (Consolidated)

| Years Ended March 31 | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | 2015 | 2014 | Changes | 2015 |
| Gross Profit (excluding Trust Account Credit Costs) | ¥ 690,993 | ¥ 658,987 | ¥ 32,005 | $ 5,750 |
| Trust Account Credit Costs (A) | — | (5) | 5 | — |
| General and Administrative Expenses (excluding non-recurring expenses) | (398,912) | (396,392) | (2,519) | (3,319) |
| Banking Account Credit Costs (B) | (1,926) | (1,414) | (512) | (16) |
| Reversal of Allowance for Loan Losses (C) | 18,978 | 8,429 | 10,549 | 158 |
| Recoveries of Written-Off Claims (D) | 2,273 | 2,173 | 99 | 19 |
| Net Gains (Losses) on Stocks and Other Securities | (2,170) | (3,781) | 1,611 | (18) |
| Net Income from Affiliated Companies Accounted for by the Equity Method | 5,380 | 3,381 | 1,998 | 45 |
| Impairment Loss | (5,017) | (10,301) | 5,284 | (42) |
| Management Integration Expenses | (8,480) | (7,579) | (900) | (71) |
| Others | (68,540) | (6,851) | (61,688) | (570) |
| Income before Income Taxes and Minority Interests | 232,578 | 246,650 | (14,071) | 1,935 |
| **Net Income** | 159,665 | 137,675 | 21,989 | 1,329 |
| **Total Credit Costs (A+B+C+D)** | 19,325 | 9,183 | 10,142 | 161 |
| **Net Business Profit before Credit Costs** | 316,786 | 285,889 | 30,897 | 2,636 |

(Notes)

1) Gross Profit = Trust Fees + (Interest Income – Interest Expenses) + (Fees and Commissions – Fees and Commissions Payments) + (Trading Income – Trading Expenses) + (Other Ordinary Income – Other Ordinary Expenses)

2) Consolidated Net Business Profit Before Credit Costs = Non-consolidated Net Business Profit Before Credit Costs of SuMi TRUST Bank + Ordinary Profits (adjusted for non-recurring effects) of other consolidated subsidiaries + Ordinary Profits (adjusted for non-recurring effects) from Affiliated Companies Accounted for by the Equity Method x ratio of equity holdings – internal transactions (e.g., dividends)

3) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

## Major Profit and Losses (Consolidated)

"Total Net Interest Income" increased by ¥15.2 billion (U.S. $127 million) from the previous fiscal year to ¥242.8 billion (U.S. $2,021 million) due to an improvement in loan-deposit margin, mainly attributable to an increase in lending to overseas borrowers.

"Net Fees and Commissions" increased by ¥7.7 billion (U.S. $64 million) from the previous fiscal year to ¥260.0 billion (U.S. $2,164 million), due mainly to an year-on-year increase in sales of investment insurance products.

Accordingly, "Gross Profit" increased by ¥32.0 billion (U.S. $266 million) from the previous fiscal year to ¥690.9 billion (U.S. $5,750 million).

On the other hand, "General and Administrative Expenses (excluding non-recurring effects)" increased by ¥2.5 billion (U.S. $21 million), which negatively affected the profit.

As a result, "Net Business Profit Before Credit Costs," which represents the actual profit level calculated by making necessary adjustments to the above results, increased by ¥30.8 billion (U.S. $257 million) from the previous fiscal year to ¥316.7 billion (U.S. $2,636 million).

Major Profit and Losses (Consolidated)

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Years Ended March 31 | 2015 | 2014 | Changes | 2015 |
| Gross Profit (excluding Trust Account Credit Costs) | ¥ 690,993 | ¥ 658,987 | ¥ 32,005 | $ 5,750 |
| Net Trust Fees: | 104,703 | 104,747 | (44) | 871 |
| Trust Account Credit Costs (deduction) | — | (5) | 5 | — |
| Trust Fees from Loan Trusts and Jointly-Operated Money Trusts (before deducting Trust Accounts Credit Costs) | 8,987 | 7,821 | 1,165 | 75 |
| Other Trust Fees | 95,715 | 96,931 | (1,215) | 796 |
| Net Interest Income: | 242,882 | 227,641 | 15,241 | 2,021 |
| Interest Income | 369,229 | 356,811 | 12,418 | 3,072 |
| Interest Expenses | (126,347) | (129,169) | 2,822 | (1,051) |
| Net Fees and Commissions: | 260,095 | 252,343 | 7,751 | 2,164 |
| Fees and Commissions | 333,756 | 322,808 | 10,947 | 2,777 |
| Fees and Commissions Payments | (73,661) | (70,464) | (3,196) | (613) |
| Net Trading Income: | 32,428 | 24,376 | 8,051 | 270 |
| Trading Income | 32,428 | 24,604 | 7,823 | 270 |
| Trading Expenses | — | (228) | 228 | — |
| Net Other Ordinary Income and Expenses: (excluding non-recurring expenses) | 50,884 | 49,878 | 1,006 | 423 |
| Other Ordinary Income | 288,014 | 290,036 | (2,021) | 2,397 |
| Other Ordinary Expenses | (237,129) | (240,157) | 3,028 | (1,973) |
| General and Administrative Expenses | (398,912) | (396,392) | (2,519) | (3,319) |
| Net Business Profit before Credit Costs | 316,786 | 285,889 | 30,897 | 2,636 |

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

## Credit Costs (Consolidated)

"Total Credit Costs" decreased by ¥10.1 billion (U.S. $84 million) from the previous fiscal year to ¥19.3 billion (U.S. $161 million). This was due to recording of "Reversal of Allowance for Loan Losses" to reflect a lower credit risk level of customers.

Credit Costs (Consolidated)

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Years Ended March 31 | 2015 | 2014 | Changes | 2015 |
| Total Credit Costs | ¥ 19,325 | ¥ 9,183 | ¥ 10,142 | $ 161 |
| Trust Account Credit Costs | — | (5) | 5 | — |
| Banking Account Credit Costs | (1,926) | (1,414) | (512) | (16) |
| Write-Off of Loans | (1,658) | (1,680) | 21 | (14) |
| Gains (Losses) on Sales of Loans | (267) | 265 | (533) | (2) |
| Reversal of Allowance for Loan Losses | 18,978 | 8,429 | 10,549 | 158 |
| Recoveries of Written-Off Claims | 2,273 | 2,173 | 99 | 19 |

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

## Net Gains (Losses) on Stocks and Other Securities (Consolidated)

"Net Gains (Losses) on Stock and Other Securities" improved by ¥1.6 billion (U.S. $13 million) from the previous fiscal year to ¥(2.1) billion (U.S. $(18) million).

Net Gains (Losses) on Stocks and Other Securities (Consolidated)

| | Millions of Yen | | | Millions of U.S. Dollars |
|---|---|---|---|---|
| Years Ended March 31 | 2015 | 2014 | Changes | 2015 |
| Net Gains (Losses) on Stocks and Other Securities | ¥ (2,170) | ¥ (3,781) | ¥ 1,611 | $ (18) |
| Gains (Losses) on Sales of Stocks and Other Securities | (1,850) | (1,426) | (424) | (15) |
| Losses on Devaluation of Stocks and Other Securities | (319) | (2,355) | 2,035 | (3) |

(Note) Amounts in parentheses represent losses or expenses, and profit decreases from the previous fiscal year.

## Financial Condition

### Assets and Liabilities

As of March 31, 2015, consolidated "Total Assets" were ¥46,235.9 billion (U.S. $385 billion), an increase of ¥4,346.5 billion (U.S. $36 billion), and consolidated "Total Liabilities" were ¥43,518.9 billion (U.S. $362 billion), an increase of ¥4,070.6 billion (U.S. $34 billion), compared with those as of the end of the previous fiscal year, respectively.

In particular, "Loans and Bills Discounted" increased by ¥1,726.0 billion (U.S. $14 billion) to ¥25,550.0 billion (U.S. $213 billion), "Securities" decreased by ¥951.0 billion (U.S. $8 billion) to ¥4,813.3 billion (U.S. $40 billion), and "Deposits" increased by ¥956.3 billion (U.S. $8 billion) to ¥25,079.7 billion (U.S. $209 billion), compared with those as of the end of the previous fiscal year. "Total Net Assets" increased by ¥275.9 billion (U.S. $2 billion) to ¥2,716.9 billion (U.S. $23 billion), compared with those as of the end of the previous fiscal year.

"Total Assets of Trust Accounts" increased by ¥26,142.3 billion (U.S. $218 billion) to ¥223,925.5 billion (U.S. $1,863 billion) as of March 31, 2015.

### Problem Assets under the Financial Reconstruction Act

As of March 31, 2015, the total balance of Bankrupt and Practically Bankrupt Loans, Doubtful Loans, and Substandard Loans of the Banking Account and the Principal Guaranteed Trust Accounts with a disclosure requirement under the Financial Reconstruction Act, decreased by ¥68.8 billion (U.S. $1 billion) from the end of the previous fiscal year to ¥166.1 billion (U.S. $1 billion). The ratio of "Problem Assets under the Financial Reconstruction Act" to Total Balance fell 0.4% from the previous fiscal year to 0.6%.

### Problem Assets under the Financial Reconstruction Act
### (SuMi TRUST Bank (non-consolidated basis) after partial direct write-offs)

Banking Account and Principal Guaranteed Trust Account (Combined)

| As of March 31 | Billions of Yen 2015 | 2014 | Changes | Billions of U.S. Dollars 2015 |
|---|---|---|---|---|
| Problem Assets under the Financial Reconstruction Act | ¥ 166.1 | ¥ 234.8 | ¥ (68.8) | $ 1 |
| Total Balance | 26,454.2 | 24,648.1 | 1,806.0 | 220 |
| Ratio to Total Balance | 0.6% | 1.0% | (0.4)% | 0.6% |

Banking Account

| Classification | Billions of Yen, Except for Percentages | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance | | Coverage Ratio | | Collateral/Allowance | | Allowance Ratio | |
| As of March 31 | 2015 | 2014 | 2015 | 2014 | 2015 | | 2015 | 2014 |
| Bankrupt and Practically Bankrupt Loans (A) | ¥ 10.4 | ¥ 10.6 | 100% | 100% | Specific Allowance Provided | ¥ 5.3 | 100% | 100% |
| | | | | | Covered by Collateral/Guarantee | 5.0 | | |
| Doubtful Loans (B) | 76.2 | 76.1 | 91% | 94% | Uncovered | 6.0 | 72% | 70% |
| | | | | | Specific Allowance Provided | 15.6 | | |
| | | | | | Covered by Collateral/Guarantee | 54.3 | | |
| Substandard Loans (C) | 72.9 | 123.2 | 79% | 71% | Uncovered | 15.2 | 25% | 29% |
| | | | | | General Allowance Provided | 5.1 | | |
| | | | | | Covered by Collateral/Guarantee | 52.4 | | |
| Total of (A), (B), and (C) | 159.5 | 209.9 | | | | | | |
| Total Balance | 26,386.2 | 24,556.9 | | | | | | |
| Ratio to Total Balance | 0.6% | 0.9% | | | | | | |

## Principal Guaranteed Trust Account

| Classification | Billions of Yen, Except for Percentages | | | | | |
|---|---|---|---|---|---|---|
| | Balance | | Coverage Ratio | | Collateral/Allowance | |
| As of March 31 | 2015 | 2014 | 2015 | 2014 | 2015 | |
| Bankrupt and Practically Bankrupt Loans (A) | ¥ 0.0 | ¥ 0.0 | 100% | 100% | Covered by Collateral/Guarantee | ¥ 0.0 |
| Doubtful Loans (B) | 5.5 | 24.6 | 100% | 99% | Covered by Collateral/Guarantee | 5.5 |
| Substandard Loans (C) | 1.0 | 0.3 | 100% | 100% | Covered by Collateral/Guarantee | 1.0 |
| Total of (A), (B), and (C) | 6.6 | 24.9 | | | Allowance for Loan Trusts | 0.0 |
| | | | | | Allowance for Jointly Operated Money Trusts | 0.1 |
| Total Balance | 67.9 | 91.3 | | | | |
| Ratio to Total Balance | 9.7% | 27.3% | | | | |

## Net Interest Spread (Domestic Banking Account and Principal Guaranteed Trust Account)

| | Percentage Points | | |
|---|---|---|---|
| Years Ended March 31 | 2015 | 2014 | Changes |
| Average Yield on Interest-Earning Assets (a) | 0.81% | 0.91% | (0.10)% |
| Loans and Bills Discounted (A) | 0.93 | 0.98 | (0.05) |
| Securities | 1.49 | 1.44 | 0.05 |
| Average Yield on Interest-Bearing Liabilities (b) | 0.25 | 0.30 | (0.05) |
| Deposits (B) | 0.23 | 0.28 | (0.05) |
| Gross Margin (a)–(b) | 0.56 | 0.61 | (0.05) |
| Loan-Deposit Margin (A)–(B) | 0.70 | 0.70 | 0.00 |

Financial Summary:

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| Consolidated Statements of Banking Account | 2015 | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| **Assets:** | | | | | |
| Cash and Due from Banks | ¥ 10,530,766 | ¥ 6,916,949 | ¥ 3,902,377 | ¥ 2,597,784 | ¥ 502,160 |
| Call Loans and Bills Bought | 205,075 | 651,552 | 514,228 | 283,000 | 6,936 |
| Securities | 4,813,354 | 5,764,450 | 6,346,001 | 6,795,726 | 3,710,513 |
| Loans and Bills Discounted | 25,550,064 | 23,824,035 | 22,391,660 | 20,636,457 | 8,864,266 |
| Foreign Exchanges | 12,732 | 12,114 | 59,570 | 9,440 | 12,259 |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | 485,384 | 583,945 | 619,967 | 317,098 |
| Others | 4,592,456 | 4,234,927 | 3,906,248 | 3,433,933 | 817,835 |
| **Total Assets** | ¥ 46,235,949 | ¥ 41,889,413 | ¥ 37,704,031 | ¥ 34,376,309 | ¥ 14,231,070 |
| **Liabilities:** | | | | | |
| Deposits and Negotiable Certificates of Deposit | ¥ 31,650,278 | ¥ 29,223,508 | ¥ 27,127,414 | ¥ 25,330,682 | ¥ 9,619,022 |
| Call Money and Bills Sold | 497,600 | 200,005 | 168,355 | 125,173 | 351,956 |
| Borrowed Money | 2,492,087 | 1,906,117 | 1,169,032 | 1,122,265 | 678,983 |
| Foreign Exchanges | 140 | 124 | 106 | 71 | — |
| Acceptances and Guarantees | 531,500 | 485,384 | 583,945 | 619,967 | 317,098 |
| Others | 8,347,368 | 7,633,229 | 6,324,702 | 4,841,118 | 2,419,879 |
| **Total Liabilities** | ¥ 43,518,975 | ¥ 39,448,370 | ¥ 35,373,557 | ¥ 32,039,277 | ¥ 13,386,939 |
| **Net Assets:** | | | | | |
| Shareholders' Equity | ¥ 1,860,185 | ¥ 1,901,775 | ¥ 1,711,556 | ¥ 1,817,812 | ¥ 667,328 |
| Accumulated Other Comprehensive Income | 529,638 | 203,599 | 134,482 | 9,032 | (10,851) |
| Subscription Rights to Shares | 246 | 47 | 19 | 6 | — |
| Minority Interests | 326,902 | 335,620 | 484,415 | 510,181 | 187,653 |
| **Total Net Assets** | ¥ 2,716,973 | ¥ 2,441,043 | ¥ 2,330,474 | ¥ 2,337,031 | ¥ 844,130 |
| **Total Liabilities and Net Assets** | ¥ 46,235,949 | ¥ 41,889,413 | ¥ 37,704,031 | ¥ 34,376,309 | ¥ 14,231,070 |
| | | | | | |
| **For the Year** | | | | | |
| **Income:** | | | | | |
| Trust Fees | ¥ 104,703 | ¥ 104,747 | ¥ 96,190 | ¥ 98,207 | ¥ 46,720 |
| Interest Income | 369,229 | 356,811 | 339,266 | 374,744 | 160,477 |
| Fees and Commissions | 333,756 | 322,808 | 282,555 | 262,914 | 82,579 |
| Trading Income | 32,428 | 24,604 | 24,350 | 12,488 | 3,943 |
| Other Ordinary Income | 288,014 | 290,036 | 315,158 | 533,445 | 36,224 |
| Other Income | 78,400 | 89,156 | 64,135 | 87,877 | 28,865 |
| **Total Income** | ¥ 1,206,532 | ¥ 1,188,165 | ¥ 1,121,655 | ¥ 1,369,678 | ¥ 358,809 |
| **Expenses:** | | | | | |
| Interest Expenses | ¥ 126,347 | ¥ 129,169 | ¥ 119,535 | ¥ 121,067 | ¥ 59,694 |
| Fees and Commissions Payments | 73,661 | 70,464 | 69,774 | 59,580 | 20,890 |
| Trading Expenses | — | 228 | 339 | 83 | 441 |
| Other Ordinary Expenses | 237,129 | 240,157 | 230,030 | 389,422 | 9,228 |
| General and Administrative Expenses | 405,901 | 402,877 | 385,728 | 386,558 | 140,931 |
| Other Expenses | 130,914 | 98,616 | 87,912 | 117,998 | 40,840 |
| **Total Expenses** | ¥ 973,954 | ¥ 941,514 | ¥ 893,321 | ¥ 1,074,711 | ¥ 272,026 |
| Income before Income Taxes and Minority Interests | 232,578 | 246,650 | 228,334 | 294,967 | 86,783 |
| **Net Income** | ¥ 159,665 | ¥ 137,675 | ¥ 133,768 | ¥ 164,660 | ¥ 47,277 |

| | Yen | | | | |
|---|---|---|---|---|---|
| **Per Share of Common Stock:** | | | | | |
| Net Income per Share of Common Stock | ¥ 40.38 | ¥ 34.48 | ¥ 31.27 | ¥ 38.54 | ¥ 28.51 |
| Net Income per Share of Common Stock (Fully Diluted) | 40.38 | 34.48 | — | — | — |
| Net Assets per Share of Common Stock | 618.63 | 511.02 | 470.71 | 413.11 | 395.94 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| Statements of Trust Account | 2015 | 2014 | 2013 | 2012 | 2011 |
| **Total Assets** | ¥223,925,575 | ¥197,783,263 | ¥180,208,811 | ¥168,335,650 | ¥ 38,432,054 |

Financial Summary:

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of and for the fiscal years ended March 31

| Non-Consolidated Statements | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| **Assets:** | | | | | |
| Current Assets: | ¥ 91,049 | ¥ 111,835 | ¥ 55,581 | ¥ 8,927 | ¥ 28,769 |
| Cash and Due from Banks | 1,101 | 2,465 | 1,719 | 2,077 | 1,462 |
| Securities | 78,500 | 103,000 | 27,000 | — | 23,000 |
| Non-Current Assets: | 1,561,400 | 1,641,201 | 1,652,532 | 1,923,180 | 765,428 |
| Investments and Other Assets | 1,561,399 | 1,641,199 | 1,652,530 | 1,923,175 | 764,391 |
| **Total Assets** | ¥ 1,654,043 | ¥ 1,755,995 | ¥ 1,708,113 | ¥ 1,932,107 | ¥ 794,198 |
| **Liabilities:** | | | | | |
| Current Liabilities | ¥ 2,642 | ¥ 2,604 | ¥ 1,464 | ¥ 1,799 | ¥ 1,755 |
| Non-Current Liabilities: | 148,351 | 130,659 | 160,616 | 189,861 | 191,072 |
| Bonds Payable | 148,000 | 128,800 | 160,500 | 189,700 | 189,700 |
| Provision for Retirement Benefits | — | — | — | — | 1,177 |
| **Total Liabilities** | ¥ 150,994 | ¥ 133,263 | ¥ 162,081 | ¥ 191,661 | ¥ 192,827 |
| **Net Assets:** | | | | | |
| Shareholders' Equity | ¥ 1,502,802 | ¥ 1,622,684 | ¥ 1,546,012 | ¥ 1,740,440 | ¥ 601,370 |
| Subscription Rights to Shares | 246 | 47 | 19 | 6 | — |
| **Total Net Assets** | ¥ 1,503,048 | ¥ 1,622,731 | ¥ 1,546,032 | ¥ 1,740,446 | ¥ 601,370 |
| **Total Liabilities and Net Assets** | ¥ 1,654,043 | ¥ 1,755,995 | ¥ 1,708,113 | ¥ 1,932,107 | ¥ 794,198 |
| **For the Year** | | | | | |
| Operating Income: | ¥ 59,918 | ¥ 34,530 | ¥ 57,325 | ¥ 41,253 | ¥ 22,764 |
| Dividends Received from Subsidiaries | 55,667 | 29,550 | 51,963 | 33,738 | 17,112 |
| Operating Expenses: | 2,368 | 3,062 | 4,169 | 4,920 | 2,911 |
| General and Administrative Expenses | 2,368 | 3,062 | 4,169 | 4,920 | 2,911 |
| **Operating Profit** | ¥ 57,550 | ¥ 31,467 | ¥ 53,155 | ¥ 36,333 | ¥ 19,853 |
| Non-Operating Income | ¥ 434 | ¥ 369 | ¥ 84 | ¥ 28 | ¥ 64 |
| Non-Operating Expenses | 6,810 | 7,403 | 7,146 | 8,945 | 10,279 |
| Income before Income Taxes | ¥ 51,174 | ¥ 24,433 | ¥ 46,093 | ¥ 27,416 | ¥ 9,638 |
| **Net Income** | ¥ 51,173 | ¥ 24,431 | ¥ 46,089 | ¥ 27,409 | ¥ 8,906 |

| | Yen | | | | |
|---|---|---|---|---|---|
| **Per Share of Common Stock:** | | | | | |
| Net Income per Share of Common Stock | ¥ 12.54 | ¥ 5.13 | ¥ 10.04 | ¥ 5.49 | ¥ 5.37 |
| Net Income per Share of Common Stock (Fully Diluted) | 12.54 | 5.13 | — | — | — |
| Net Assets per Share of Common Stock | 389.02 | 387.32 | 389.30 | 392.30 | 362.70 |

(Note) Net Income per Share of Common Stock (Fully Diluted) for the fiscal years ended March 31, 2013, and 2012 is not stated as there were no potential shares that would have a dilutive effect.
Net Income per Share of Common Stock (Fully Diluted) for the fiscal year ended March 31, 2011 is not stated as there were no potential shares.

Financial Data:

# Consolidated Balance Sheet

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Cash and Due from Banks | ¥ 10,530,766 | ¥ 6,916,949 | $ 87,625 |
| Call Loans and Bills Bought | 205,075 | 651,552 | 1,706 |
| Receivables under Resale Agreements | 136,188 | 88,069 | 1,133 |
| Receivables under Securities Borrowing Transactions | 310,806 | 289,377 | 2,586 |
| Monetary Claims Bought | 794,838 | 936,435 | 6,614 |
| Trading Assets (Notes 1, 2, and 4) | 754,962 | 537,029 | 6,282 |
| Money Held in Trust | 1,619 | 13,344 | 13 |
| Securities (Notes 2, 4, and 14) | 4,813,354 | 5,764,450 | 40,051 |
| Loans and Bills Discounted (Notes 3, 4, and 5) | 25,550,064 | 23,824,035 | 212,598 |
| Foreign Exchanges | 12,732 | 12,114 | 106 |
| Lease Receivables and Investment Assets (Note 4) | 547,016 | 540,204 | 4,552 |
| Other Assets (Notes 4 and 8) | 1,547,226 | 1,333,355 | 12,874 |
| Tangible Fixed Assets (Note 6) | 223,568 | 229,583 | 1,860 |
| Intangible Fixed Assets (Note 7) | 159,256 | 210,536 | 1,325 |
| Assets for Retirement Benefits | 190,706 | 150,153 | 1,587 |
| Deferred Tax Assets | 16,280 | 17,128 | 135 |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | 485,384 | 4,423 |
| Allowance for Loan Losses | (90,015) | (110,289) | (749) |
| **Total Assets** | ¥ 46,235,949 | ¥ 41,889,413 | $ 384,722 |
| **Liabilities:** | | | |
| Deposits (Notes 4 and 9) | ¥ 25,079,711 | ¥ 24,123,328 | $ 208,685 |
| Negotiable Certificates of Deposit | 6,570,567 | 5,100,179 | 54,673 |
| Call Money and Bills Sold | 497,600 | 200,005 | 4,140 |
| Payables under Repurchase Agreements (Note 4) | 462,942 | 1,291,641 | 3,852 |
| Trading Liabilities (Note 1) | 405,188 | 214,104 | 3,372 |
| Borrowed Money (Notes 4 and 10) | 2,492,087 | 1,906,117 | 20,736 |
| Foreign Exchanges | 140 | 124 | 1 |
| Short-Term Bonds Payable | 974,317 | 904,882 | 8,107 |
| Bonds Payable (Note 11) | 1,026,113 | 1,057,772 | 8,538 |
| Borrowed Money from Trust Account (Note 12) | 3,983,261 | 2,941,748 | 33,144 |
| Other Liabilities (Note 13) | 1,279,123 | 1,139,718 | 10,643 |
| Provision for Bonuses | 16,312 | 15,415 | 136 |
| Provision for Directors' Bonuses | 230 | 255 | 2 |
| Liabilities for Retirement Benefits | 12,152 | 11,311 | 101 |
| Provision for Reimbursement of Deposits | 3,598 | 3,917 | 30 |
| Provision for Contingent Losses | 8,533 | 8,800 | 71 |
| Deferred Tax Liabilities | 172,271 | 39,705 | 1,433 |
| Deferred Tax Liabilities for Land Revaluation (Note 6) | 3,322 | 3,954 | 28 |
| Acceptances and Guarantees (Note 4) | 531,500 | 485,384 | 4,423 |
| **Total Liabilities** | ¥ 43,518,975 | ¥ 39,448,370 | $ 362,115 |
| **Net Assets:** | | | |
| Total Shareholders' Equity: | ¥ 1,860,185 | ¥ 1,901,775 | $ 15,478 |
| Capital Stock | 261,608 | 261,608 | 2,177 |
| Capital Surplus | 645,261 | 754,267 | 5,369 |
| Retained Earnings | 970,373 | 886,491 | 8,074 |
| Treasury Stock | (17,057) | (591) | (142) |
| Total Accumulated Other Comprehensive Income: | 529,638 | 203,599 | 4,407 |
| Valuation Differences on Available-for-Sale Securities | 505,448 | 229,637 | 4,206 |
| Deferred Gains (Losses) on Hedges | (20,605) | (12,585) | (171) |
| Revaluation Reserve for Land (Note 6) | (5,951) | (5,761) | (50) |
| Foreign Currency Translation Adjustments | 14,953 | 7,343 | 124 |
| Adjustments for Retirement Benefits | 35,793 | (15,033) | 298 |
| Subscription Rights to Shares | 246 | 47 | 2 |
| Minority Interests | 326,902 | 335,620 | 2,720 |
| **Total Net Assets** | ¥ 2,716,973 | ¥ 2,441,043 | $ 22,608 |
| **Total Liabilities and Net Assets** | ¥ 46,235,949 | ¥ 41,889,413 | $ 384,722 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Assets per Share of Common Stock** | ¥ 618.63 | ¥ 511.02 | $ 5.15 |

See accompanying notes.
The figures in U.S. dollars are converted from a yen basis for convenience at the rate of ¥120.18 to U.S. $1.00, the exchange rate prevailing as of March 31, 2015.

Financial Data:

# Consolidated Statement of Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Income:** | | | |
| Trust Fees | ¥ 104,703 | ¥ 104,747 | $ 871 |
| Interest Income: | 369,229 | 356,811 | 3,072 |
| Interest on Loans and Discounts | 259,823 | 241,589 | 2,162 |
| Interest and Dividends on Securities | 85,819 | 97,189 | 714 |
| Interest on Call Loans and Bills Bought | 1,642 | 1,089 | 14 |
| Interest on Receivables under Resale Agreements | 883 | 726 | 7 |
| Interest on Receivables under Securities Borrowing Transactions | 56 | 141 | 0 |
| Interest on Deposits with Banks | 15,070 | 10,958 | 125 |
| Other Interest Income (Note 1) | 5,933 | 5,116 | 49 |
| Fees and Commissions | 333,756 | 322,808 | 2,777 |
| Trading Income (Note 2) | 32,428 | 24,604 | 270 |
| Other Ordinary Income (Note 3) | 288,014 | 290,036 | 2,397 |
| Other Income (Note 4) | 78,400 | 89,156 | 652 |
| **Total Income** | ¥ 1,206,532 | ¥ 1,188,165 | $ 10,039 |
| **Expenses:** | | | |
| Interest Expenses: | ¥ 126,347 | ¥ 129,169 | $ 1,051 |
| Interest on Deposits | 63,677 | 66,724 | 530 |
| Interest on Negotiable Certificates of Deposit | 11,241 | 8,552 | 94 |
| Interest on Call Money and Bills Sold | 1,548 | 1,567 | 13 |
| Interest on Payables under Repurchase Agreements | 1,146 | 1,102 | 10 |
| Interest on Payables under Securities Lending Transactions | 16 | 82 | 0 |
| Interest on Borrowings | 8,983 | 7,581 | 75 |
| Interest on Short-Term Bonds | 1,817 | 1,691 | 15 |
| Interest on Bonds | 19,258 | 19,336 | 160 |
| Other Interest Expenses (Note 1) | 18,656 | 22,530 | 155 |
| Fees and Commissions Payments | 73,661 | 70,464 | 613 |
| Trading Expenses (Note 2) | — | 228 | — |
| Other Ordinary Expenses (Note 3) | 237,129 | 240,157 | 1,973 |
| General and Administrative Expenses (Note 5) | 405,901 | 402,877 | 3,377 |
| Other Expenses (Note 4) | 130,914 | 98,616 | 1,089 |
| **Total Expenses** | ¥ 973,954 | ¥ 941,514 | $ 8,104 |
| **Income before Income Taxes and Minority Interests** | ¥ 232,578 | ¥ 246,650 | $ 1,935 |
| Income Taxes: | 60,178 | 91,692 | 501 |
| Current | 49,372 | 25,661 | 411 |
| Deferred | 10,805 | 66,031 | 90 |
| **Income before Minority Interests** | 172,400 | 154,957 | 1,435 |
| Minority Interests in Income | 12,734 | 17,282 | 106 |
| **Net Income** | ¥ 159,665 | ¥ 137,675 | $ 1,329 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Income per Share of Common Stock** | ¥ 40.38 | ¥ 34.48 | $ 0.34 |
| **Net Income per Share of Common Stock (Fully Diluted)** | 40.38 | 34.48 | 0.34 |

See accompanying notes.

Financial Data:

# Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Income before Minority Interests** | **¥ 172,400** | ¥ 154,957 | **$ 1,435** |
| Other Comprehensive Income (Loss): | | | |
| Valuation Differences on Available-for-Sale Securities | **266,571** | 69,629 | **2,218** |
| Deferred Gains (Losses) on Hedges | **(2,345)** | 3,077 | **(20)** |
| Revaluation Reserve for Land | **339** | — | **3** |
| Foreign Currency Translation Adjustments | **6,517** | 10,302 | **54** |
| Adjustments for Retirement Benefits | **50,831** | — | **423** |
| Attributable to Equity-Method Affiliated Companies | **5,071** | 1,745 | **42** |
| **Total Other Comprehensive Income (Loss) (Note 1)** | **¥ 326,984** | ¥ 84,755 | **$ 2,721** |
| **Comprehensive Income:** | **¥ 499,385** | ¥ 239,712 | **$ 4,155** |
| Comprehensive Income Attributable to Owners of the Parent | **¥ 486,233** | ¥ 222,124 | **$ 4,046** |
| Comprehensive Income Attributable to Minority Interests | **13,151** | 17,587 | **109** |

See accompanying notes.

Financial Data:

# Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

From April 1, 2014 to March 31, 2015

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 754,267 | ¥ 886,491 | ¥ (591) | ¥ 1,901,775 |
| Cumulative Effect of Changes in Accounting Policies | | | (30,729) | | (30,729) |
| Restated Balance | 261,608 | 754,267 | 855,761 | (591) | 1,871,046 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (45,582) | | (45,582) |
| Net Income | | | 159,665 | | 159,665 |
| Purchase of Treasury Stock | | | | (125,494) | (125,494) |
| Disposal of Treasury Stock | | 0 | | 22 | 22 |
| Retirement of Treasury Stock | | (109,006) | | 109,006 | — |
| Reversal of Revaluation Reserve for Land | | | 528 | | 528 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | (109,005) | 114,611 | (16,465) | (10,860) |
| Balance at the End of the Year | ¥ 261,608 | ¥ 645,261 | ¥ 970,373 | ¥ (17,057) | ¥ 1,860,185 |

| | Millions of Yen | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Subscription Rights to Shares | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | ¥ 229,637 | ¥ (12,585) | ¥ (5,761) | ¥ 7,343 | ¥ (15,033) | ¥ 203,599 | ¥ 47 | ¥ 335,620 | ¥ 2,441,043 |
| Cumulative Effect of Changes in Accounting Policies | | | | | — | | | | (30,729) |
| Restated Balance | 229,637 | (12,585) | (5,761) | 7,343 | (15,033) | 203,599 | 47 | 335,620 | 2,410,313 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | | | | (45,582) |
| Net Income | | | | | | | | | 159,665 |
| Purchase of Treasury Stock | | | | | | | | | (125,494) |
| Disposal of Treasury Stock | | | | | | | | | 22 |
| Retirement of Treasury Stock | | | | | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | | | | | 528 |
| Net Changes of Items Other Than Shareholders' Equity | 275,810 | (8,019) | (189) | 7,610 | 50,827 | 326,039 | 198 | (8,717) | 317,519 |
| Total Changes during the Year | 275,810 | (8,019) | (189) | 7,610 | 50,827 | 326,039 | 198 | (8,717) | 306,659 |
| Balance at the End of the Year | ¥ 505,448 | ¥ (20,605) | ¥ (5,951) | ¥ 14,953 | ¥ 35,793 | ¥ 529,638 | ¥ 246 | ¥ 326,902 | ¥ 2,716,973 |

See accompanying notes.

From April 1, 2013 to March 31, 2014

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 752,973 | ¥ 790,139 | ¥ (93,164) | ¥ 1,711,556 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (41,626) | | (41,626) |
| Net Income | | | 137,675 | | 137,675 |
| Purchase of Treasury Stock | | | | (110) | (110) |
| Disposal of Treasury Stock | | 1,293 | | 92,683 | 93,976 |
| Reversal of Revaluation Reserve for Land | | | 303 | | 303 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | 1,293 | 96,352 | 92,573 | 190,218 |
| Balance at the End of the Year | ¥ 261,608 | ¥ 754,267 | ¥ 886,491 | ¥ (591) | ¥ 1,901,775 |

| | Millions of Yen | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Subscription Rights to Shares | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | ¥ 161,522 | ¥ (17,154) | ¥ (5,457) | ¥ (4,427) | ¥ — | ¥ 134,482 | ¥19 | ¥ 484,415 | ¥ 2,330,474 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | | | | (41,626) |
| Net Income | | | | | | | | | 137,675 |
| Purchase of Treasury Stock | | | | | | | | | (110) |
| Disposal of Treasury Stock | | | | | | | | | 93,976 |
| Reversal of Revaluation Reserve for Land | | | | | | | | | 303 |
| Net Changes of Items Other Than Shareholders' Equity | 68,114 | 4,569 | (303) | 11,770 | (15,033) | 69,116 | 27 | (148,794) | (79,650) |
| Total Changes during the Year | 68,114 | 4,569 | (303) | 11,770 | (15,033) | 69,116 | 27 | (148,794) | 110,568 |
| Balance at the End of the Year | ¥ 229,637 | ¥ (12,585) | ¥ (5,761) | ¥ 7,343 | ¥ (15,033) | ¥ 203,599 | ¥47 | ¥ 335,620 | ¥ 2,441,043 |

See accompanying notes.

From April 1, 2014 to March 31, 2015

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | $ 2,177 | $ 6,276 | $ 7,376 | $ (5) | $ 15,824 |
| Cumulative Effect of Changes in Accounting Policies | | | (256) | | (256) |
| Restated Balance | 2,177 | 6,276 | 7,121 | (5) | 15,569 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (379) | | (379) |
| Net Income | | | 1,329 | | 1,329 |
| Purchase of Treasury Stock | | | | (1,044) | (1,044) |
| Disposal of Treasury Stock | | 0 | | 0 | 0 |
| Retirement of Treasury Stock | | (907) | | 907 | — |
| Reversal of Revaluation Reserve for Land | | | 4 | | 4 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | (907) | 954 | (137) | (90) |
| Balance at the End of the Year | $ 2,177 | $ 5,369 | $ 8,074 | $ (142) | $ 15,478 |

| | Millions of U.S. Dollars | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Subscription Rights to Shares | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | $ 1,911 | $ (105) | $ (48) | $ 61 | $ (125) | $ 1,694 | $ 0 | $ 2,793 | $ 20,312 |
| Cumulative Effect of Changes in Accounting Policies | | | | | — | | | | (256) |
| Restated Balance | 1,911 | (105) | (48) | 61 | (125) | 1,694 | 0 | 2,793 | 20,056 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | | | | (379) |
| Net Income | | | | | | | | | 1,329 |
| Purchase of Treasury Stock | | | | | | | | | (1,044) |
| Disposal of Treasury Stock | | | | | | | | | 0 |
| Retirement of Treasury Stock | | | | | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | | | | | 4 |
| Net Changes of Items Other Than Shareholders' Equity | 2,295 | (67) | (2) | 63 | 423 | 2,713 | 2 | (73) | 2,642 |
| Total Changes during the Year | 2,295 | (67) | (2) | 63 | 423 | 2,713 | 2 | (73) | 2,552 |
| Balance at the End of the Year | $ 4,206 | $ (171) | $ (50) | $ 124 | $ 298 | $ 4,407 | $ 2 | $ 2,720 | $ 22,608 |

See accompanying notes.

Financial Data:

# Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Net Cash Provided by (Used in) Operating Activities:** | | | |
| Income before Income Taxes and Minority Interests | ¥ 232,578 | ¥ 246,650 | $ 1,935 |
| Depreciation and Amortization | 34,174 | 36,312 | 284 |
| Impairment Losses | 5,017 | 10,301 | 42 |
| Amortization of Goodwill | 8,104 | 8,598 | 67 |
| Equity in Losses (Earnings) of Affiliated Companies | (5,380) | (3,381) | (45) |
| Increase (Decrease) in Allowance for Loan Losses | (20,274) | (22,700) | (169) |
| Increase (Decrease) in Provision for Bonuses | 896 | 784 | 7 |
| Increase (Decrease) in Provision for Directors' Bonuses | (25) | 68 | (0) |
| Decrease (Increase) in Assets for Retirement Benefits | (64,564) | (6,306) | (537) |
| Increase (Decrease) in Liabilities for Retirement Benefits | (78) | (5,450) | (1) |
| Increase (Decrease) in Provision for Reimbursement of Deposits | (319) | (2,289) | (3) |
| Increase (Decrease) in Provision for Contingent Losses | (266) | (919) | (2) |
| Gain on Fund Management | (369,229) | (356,811) | (3,072) |
| Financing Expenses | 126,347 | 129,169 | 1,051 |
| Loss (Gain) Related to Securities | (61,602) | (11,692) | (513) |
| Loss (Gain) on Money Held in Trust | (683) | (795) | (6) |
| Foreign Exchange Losses (Gains) | (217,369) | (129,807) | (1,809) |
| Loss (Gain) on Disposal of Fixed Assets | (260) | 1,069 | (2) |
| Net Decrease (Increase) in Trading Assets | (217,933) | 179,564 | (1,813) |
| Net Increase (Decrease) in Trading Liabilities | 191,084 | (19,029) | 1,590 |
| Net Decrease (Increase) in Loans and Bills Discounted | (1,729,107) | (1,438,157) | (14,388) |
| Net Increase (Decrease) in Deposit | 931,617 | 1,050,905 | 7,752 |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | 1,470,388 | 996,662 | 12,235 |
| Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings) | 651,246 | 758,172 | 5,419 |
| Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan) | (992,302) | (223,497) | (8,257) |
| Net Decrease (Increase) in Call Loans | 540,199 | (327,813) | 4,495 |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | (21,429) | (81,883) | (178) |
| Net Increase (Decrease) in Call Money | (531,104) | 717,549 | (4,419) |
| Net Decrease (Increase) in Foreign Exchange—Assets | (618) | 47,456 | (5) |
| Net Increase (Decrease) in Foreign Exchange—Liabilities | 15 | 18 | 0 |
| Net Decrease (Increase) in Lease Receivables and Investment Assets | (6,812) | 13,328 | (57) |
| Net Increase (Decrease) in Short-Term Bonds Payable | 69,434 | (182,085) | 578 |
| Increase (Decrease) in Straight Bonds-Issuance and Redemption | 107,646 | 189,728 | 896 |
| Net Increase (Decrease) in Borrowed Money from Trust Account | 1,041,512 | 458,499 | 8,666 |
| Proceeds from Fund Management | 376,655 | 361,701 | 3,134 |
| Payments for Finance | (160,161) | (160,954) | (1,333) |
| Other, Net | (1,049) | 28,206 | (9) |
| Subtotal | ¥ 1,386,348 | ¥ 2,261,173 | $ 11,536 |
| Income Taxes Paid | (36,717) | (2,471) | (306) |
| **Net Cash Provided by (Used in) Operating Activities** | ¥ 1,349,631 | ¥ 2,258,701 | $ 11,230 |

(Continued)

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Net Cash Provided by (Used in) Investing Activities:** | | | |
| Purchase of Securities | ¥ (6,179,265) | ¥ (6,158,163) | $ (51,417) |
| Proceeds from Sales of Securities | 5,791,402 | 4,014,950 | 48,189 |
| Proceeds from Redemption of Securities | 2,067,558 | 2,931,293 | 17,204 |
| Decrease in Money Held in Trust | 12,000 | 5,650 | 100 |
| Purchase of Tangible Fixed Assets | (14,777) | (14,498) | (123) |
| Proceeds from Sales of Tangible Fixed Assets | 6,177 | 2,655 | 51 |
| Purchase of Intangible Fixed Assets | (36,109) | (47,731) | (300) |
| Proceeds from Sales of Intangible Fixed Assets | 6 | 11 | 0 |
| **Net Cash Provided by (Used in) Investing Activities** | ¥ 1,646,991 | ¥ 734,169 | $ 13,704 |
| **Net Cash Provided by (Used in) Financing Activities:** | | | |
| Decrease in Subordinated Borrowings | ¥ (65,000) | ¥ (20,000) | $ (541) |
| Proceeds from Issuance of Subordinated Bonds and Bonds with Subscription Rights to Shares | 29,850 | — | 248 |
| Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares | (182,000) | (124,500) | (1,514) |
| Repayments to Minority Shareholders | (10,000) | (150,000) | (83) |
| Cash Dividends Paid | (45,575) | (41,613) | (379) |
| Cash Dividends Paid to Minority Shareholders | (11,255) | (16,451) | (94) |
| Purchase of Treasury Stock | (125,494) | (110) | (1,044) |
| Proceeds from Sales of Treasury Stock | 22 | 89,874 | 0 |
| **Net Cash Provided by (Used in) Financing Activities** | ¥ (409,452) | ¥ (262,800) | $ (3,407) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | ¥ 34,344 | ¥ 61,023 | $ 286 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | ¥ 2,621,514 | ¥ 2,791,094 | $ 21,813 |
| Cash and Cash Equivalents at the Beginning of the Year | ¥ 5,400,503 | ¥ 2,609,409 | $ 44,937 |
| **Cash and Cash Equivalents at the End of the Year (Note 1)** | ¥ 8,022,017 | ¥ 5,400,503 | $ 66,750 |

See accompanying notes.

Financial Data:

# Notes to the Consolidated Financial Statements

## Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings") and its consolidated subsidiaries (together, "SuMi TRUST Group") in accordance with the accounting principles generally accepted in Japan and certain accounting and disclosure rules under the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, the consolidated financial statements of SuMi TRUST Holdings issued in Japan have been reclassified and rearranged in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Holdings is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥120.18 to U.S. $1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, total balances may not be equal to the sum of individual amounts.

## Significant Accounting Policies and Practices

### 1. Scope of Consolidation

(1) Consolidated Subsidiaries as of March 31, 2015:
72 companies
Principal Company:
Sumitomo Mitsui Trust Bank, Limited
("SuMi TRUST Bank")

Newly established Sumitomo Mitsui Trust Bank (Thai) Public Company Limited was included in the scope of consolidation from the fiscal year ended March 31, 2015.

MTH Preferred Capital 4 (Cayman) Limited and four other companies were excluded from the scope of consolidation from the current fiscal year due mainly to liquidation.

(2) Unconsolidated Subsidiaries
Principal Companies:
Hummingbird Co., Ltd.
ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 37 other companies are excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations, because they are operators engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I L.P. and other unconsolidated subsidiaries are excluded from the scope of consolidation because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries), and other financial data.

### 2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:
None

(2) Affiliated Companies Accounted for by the Equity Method:
19 companies
Principal Companies:
Japan Stockholders Data Service Company, Limited
SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the fiscal year ended March 31, 2015, are as follows:

Affin Fund Management Berhad and two other companies were included in the scope of application of the equity method from the fiscal year ended March 31, 2015, due mainly to the acquisition of their shares.

NewSmith LLP and 11 other companies were excluded from the scope of the application of the equity method from the current fiscal year as their materiality has decreased.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are not Accounted for by the Equity Method

Principal Companies:

Hummingbird Co., Ltd.

ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd. and 37 other companies are excluded from the scope of the application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Holdings' interest in subsidiaries and affiliated companies), and other financial data.

## 3. Balance Sheet Dates of the Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

| | |
|---|---|
| April 30: | 2 companies |
| June 30: | 1 company |
| August 31: | 1 company |
| September 30: | 6 companies |
| November 30: | 1 company |
| December 31: | 11 companies |
| January 24: | 3 companies |
| January 31: | 2 companies |
| March 31: | 45 companies |

(2) Subsidiaries are consolidated using the financial statements as of the following dates:

- Consolidated subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31
- A consolidated subsidiary with a balance sheet date of June 30: Provisionally prepared financial statements as of December 31
- A consolidated subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31
- A consolidated subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of January 24: Provisionally prepared financial statements as of March 31
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2015, and the above balance sheet dates of consolidated subsidiaries have been reflected in the consolidated financial statements.

## 4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or intermarket differences (for trading purposes). The fluctuations in such items are presented as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheets on a trade-date basis, and gains and losses from such transactions are presented as "Trading Income" or "Trading Expenses" in the consolidated statements of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair values as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would

be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2014 and 2015.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Holdings is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories ("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as "Available-for-Sale Securities" are valued at the average market price during the final month of the fiscal year (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" other than Japanese stocks are, in principle, valued at the market price at the balance sheet date. "Available-for-Sale Securities" for which their fair values are extremely difficult to be determined are carried at cost using the moving-average method. Valuation differences on "Available-for-Sale Securities" are recorded as a separate component of net assets and reported in the consolidated balance sheets.

(b) Securities that are held as trust assets in money held in trust are classified and accounted for in the same manner as securities described above.

(3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

Tangible fixed assets of SuMi TRUST Bank are depreciated using the declining-balance method, except for the buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method.

Useful lives of major asset categories:

Buildings: 3 to 60 years

Others: 2 to 20 years

At SuMi TRUST Holdings and the other consolidated subsidiaries, tangible fixed assets are depreciated mainly using the straight-line method over the estimated useful lives of the assets.

(b) Intangible fixed assets other than lease assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Holdings or the consolidated subsidiaries, generally five years.

(c) Lease assets

The lease assets under "Tangible Fixed Assets" and "Intangible Fixed Assets" that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

(5) Allowance for Loan Losses

The major domestic consolidated subsidiaries record allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings ("legal bankruptcy") and against borrowers that are in substantially similar adverse condition ("virtual bankruptcy"), the allowance is provided based on the amount of claims, after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("possible bankruptcy"), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").

For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥18,321 million (U.S. $152 million) and ¥25,820 million for the fiscal years ended March 31, 2015 and 2014, respectively.

(6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

(7) Provision for Directors' Bonuses

A provision for directors' bonuses is provided at some of the consolidated subsidiaries for the estimated directors' bonuses attributable to the current fiscal year.

(8) Provision for Reimbursement of Deposits in Dormant Accounts

At SuMi TRUST Bank, a provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

(9) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with trust transactions in the amount deemed necessary based on the estimated possible future losses.

(10) Accounting for Retirement Benefits

In determining the retirement benefit obligations, SuMi TRUST Bank and some consolidated subsidiaries apply the method to attribute projected benefits to the periods up to the year ended March 31, 2015, under the plan's benefit formula.

Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Actuarial gains or losses: Actuarial differences are expensed using the straight-line method, primarily over 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the computational shortcut method in calculating projected benefit obligations for lump-sum retirement benefit plans, recording liabilities at amounts to be required for voluntary termination at the year-end.

(11) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing at the consolidated balance sheet date, except for shares of stocks in affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates.

Assets and liabilities of other consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

(12) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of goods sold when lease payments are collected.

(13) Hedge Accounting

(a) Interest-related risk hedge

SuMi TRUST Bank manages interest rate risk arising from various assets and liabilities by using financial derivative transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants ("JICPA") Industry Auditing Committee Report No. 24, "Report No. 24"). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest volatility factors for the hedged items and the hedging instruments.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheets as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" for each hedging transaction. Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥336 million (U.S. $3 million) and ¥471 million (before tax effect) as of March 31, 2015 and 2014, respectively.

(b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies by using financial derivative transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Auditing Committee Report No. 25, "Report No. 25").

The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that forward obligations exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The foreign exchange risk associated with investment in foreign subsidiaries is individually hedged using forward exchange contracts denominated in the same currency, and any differences arising from translating the hedging instruments are included in "Foreign Currency Translation Adjustments."

(c) Stock-related risk hedge

SuMi TRUST Bank manages the risk of fluctuations in underlying stock prices of some "available-for-sale securities" by using financial derivatives transactions. Such transactions are generally treated as fair value hedges and the effectiveness of those hedges is evaluated individually using a ratio analysis, i.e. a comparison of the changes in the fair values between the hedged item and the corresponding hedging instrument.

(d) Internal hedge transactions and others

Among derivatives transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management on hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges, fair value hedges, or exceptional treatment for interest rate swaps by individual transactions.

(14) Amortization of Goodwill

Goodwill is amortized over a period within 20 years that is reasonably determined for each case. Goodwill deemed immaterial, however, is expensed as incurred.

(15) Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

The balance of Cash and Cash Equivalents in the consolidated statements of cash flows is equivalent to the balance of "Cash and Due from Banks" presented in the consolidated balance sheets (cash and due from the Bank of Japan for SuMi TRUST BANK and Japan Trustee Services Bank, Ltd. ("JTSB")).

(16) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Holdings and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

## Change in Accounting Policies

### Application of Accounting Standard and Related Guidance for Retirement Benefits

SuMi TRUST Group applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012) (the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) (the "Guidance") from the fiscal year ended March 31, 2015, specifically items prescribed in paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance. In accordance with the Accounting Standard and the Guidance, SuMi TRUST Group reviewed the calculation methods for retirement benefit obligation and service cost, and revised the methods to attribute retirement benefits to periods of service under the plan's benefit formula for both SuMi TRUST Bank and some consolidated subsidiaries. Previously, SuMi TRUST Bank applied a point basis and the consolidated subsidiaries applied a straight-line basis. In addition, SuMi TRUST Bank and other consolidated subsidiaries changed the method of determining the discount rate to a method that applies a single weighted-average discount rate reflecting the estimated amount of benefit payment periods, in principle.

For the application of the Accounting Standard and the Guidance, SuMi TRUST Holdings adopted the transitional provision in paragraph 37 of the Accounting Standard, recording the amounts of the change in the calculation methods for retirement benefit obligation and service cost by adjusting "Retained Earnings" at the beginning of the current fiscal year.

As a result, "Assets for Retirement Benefits" decreased by ¥46,709 million (U.S. $389 million), Liabilities for Retirement Benefits increased by ¥1,036 million (U.S. $9 million), and Retained Earnings decreased by ¥30,729 million (U.S. $256 million) as of the beginning of the current fiscal year.

The effect on "Income before Income Taxes and Minority Interests" for the current fiscal year is immaterial. The effects on per share information are stated in the "Per Share of Common Stock Information" section.

## New Accounting Standards Not Yet Applied

### The Accounting Standard and the Guidance for Business Combinations (September 13, 2013)

(1) Overview

The Accounting Standard and the Guidance for Business Combinations were amended mainly focusing on the following:

1) treatment of changes in the parent company's ownership interests in its subsidiary when the parent company continues to have control upon further acquisition of shares of its subsidiary;
2) treatments for acquisition-related costs;
3) provisional accounting treatment; and
4) presentation of net income, and the change in wording from "minority interests" to "non-controlling interests."

(2) Planned Effective Dates

SuMi TRUST Holdings plans to apply the amendments to the Accounting Standard and the Guidance for Business Combinations at the beginning of the fiscal year started April 1, 2015.

(3) Effects of Application of the Accounting Standards and the Guidance

SuMi TRUST Holdings is in the process of assessing impacts of the Accounting Standard and the Guidance on its consolidated financial statements.

## Notes to the Consolidated Balance Sheet

### 1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities in Trading Account | ¥ 15,731 | ¥ 20,283 | $ 131 |
| Derivatives of Trading Securities | 12 | 34 | 0 |
| Derivatives of Securities Related to Trading Transactions | 132 | 7 | 1 |
| Trading-Related Financial Derivatives | 543,304 | 329,825 | 4,521 |
| Other Trading Assets | 195,781 | 186,879 | 1,629 |
| Total | ¥ 754,962 | ¥ 537,029 | $ 6,282 |

(2) Trading liabilities as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Derivatives of Trading Securities | ¥ 92 | ¥ 22 | $ 1 |
| Derivatives of Securities Related to Trading Transactions | — | 9 | — |
| Trading-Related Financial Derivatives | 405,096 | 214,072 | 3,371 |
| Total | ¥ 405,188 | ¥ 214,104 | $ 3,372 |

### 2. Securities

Securities held as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Government Bonds | ¥ 1,071,163 | ¥ 1,669,950 | $ 8,913 |
| Local Government Bonds | 4,146 | 15,665 | 34 |
| Corporate Bonds | 571,264 | 598,031 | 4,753 |
| Stocks | 1,585,298 | 1,247,642 | 13,191 |
| Other Securities | 1,581,482 | 2,233,160 | 13,159 |
| Total | ¥ 4,813,354 | ¥ 5,764,450 | $ 40,051 |

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliated companies.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Stocks | ¥ 53,504 | ¥ 42,401 | $ 445 |
| Equity Investments | 43,617 | 51,109 | 363 |

Unsecured securities borrowed under loan agreements and securities purchased under resale agreements and borrowing transactions with cash collateral that SuMi TRUST Holdings is permitted to sell or repledge.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities that are Further Loaned | ¥ 833,872 | ¥ 282,361 | $ 6,939 |
| Securities Held without Selling or Repledging as of the End of the Fiscal Year | — | 99 | — |

## 3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Bills Discounted | ¥ 2,811 | ¥ 3,580 | $ 23 |
| Loans on Bills | 293,219 | 282,224 | 2,440 |
| Loans on Deeds | 23,291,472 | 21,119,183 | 193,805 |
| Overdrafts | 1,962,559 | 2,419,046 | 16,330 |
| Total | ¥ 25,550,064 | ¥ 23,824,035 | $ 212,598 |

Bills discounted are treated as financial transactions in accordance with Report No. 24. SuMi TRUST Holdings has a right to freely sell or (re-)pledge such commercial bills. The total face value of these bills amounted to ¥2,811 million (U.S. $23 million) and ¥3,580 million as of March 31, 2015 and 2014, respectively.

Under the SuMi TRUST Group' Self-Assessment Rules, SuMi TRUST Group classifies loans as "Delinquent Loans" if borrowers are virtually bankrupt or potentially bankrupt. For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims.

Loans and bills discounted as of March 31, 2015 and 2014, included the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Loans in Bankruptcy Proceedings | ¥ 3,655 | ¥ 2,693 | $ 30 |
| Other Delinquent Loans | 102,608 | 104,768 | 854 |
| Loans Past Due Three Months or More | 54 | — | 0 |
| Restructured Loans | 81,365 | 133,830 | 677 |
| Total | ¥ 187,684 | ¥ 241,293 | $ 1,562 |

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), due to the reasons as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Other delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as loans in bankruptcy proceedings or other delinquent loans.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as loans in bankruptcy proceedings, other delinquent loans, or loans past due three months or more.

## 4. Assets Pledged

Assets pledged as collateral as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Assets Pledged as Collateral: | | | |
| Trading Assets | ¥ 103,989 | ¥ 112,985 | $ 865 |
| Securities | 543,104 | 1,349,048 | 4,519 |
| Loans and Bills Discounted | 1,491,041 | 1,301,641 | 12,407 |
| Lease Receivables and Investment Assets | 12,240 | 12,254 | 102 |
| Other Assets | 95 | 133,553 | 1 |
| Total | ¥ 2,150,471 | ¥ 2,909,482 | $ 17,894 |
| Corresponding Liabilities to Assets Pledged as Collateral: | | | |
| Deposits | 36,363 | 8,057 | 303 |
| Payables under Repurchase Agreements | 174,368 | 1,016,833 | 1,451 |
| Borrowed Money | 1,247,994 | 745,260 | 10,384 |
| Acceptances and Guarantees | 12,274 | 34,863 | 102 |
| Total | ¥ 1,471,000 | ¥ 1,805,014 | $ 12,240 |

In addition to the foregoing, the following assets have been pledged as collateral for settlement of exchange and others, or as a substitution of margin of futures and others.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities | ¥ 725,100 | ¥ 721,905 | $ 6,033 |
| Loans and Bills Discounted | — | 116,625 | — |

"Other Assets" include initial margins of futures, security deposits, and cash collateral paid for financial instruments. Such amounts are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Initial Margins of Futures | ¥ 5,043 | ¥ 7,676 | $ 42 |
| Security Deposits | 20,243 | 21,314 | 168 |
| Cash Collateral Paid for Financial Instruments | 667,449 | 418,015 | 5,554 |

## 5. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and committed lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amounts of unused credit under such agreements were ¥11,406,741 million (U.S. $94,914 million) and ¥10,645,113 million, of which ¥7,792,652 million (U.S. $64,842 million) and ¥7,907,348 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2015 and 2014, respectively.

The balance of unused credit will not necessarily affect the future cash flows of the consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing the consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SuMi TRUST Group has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

## 6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Land | ¥ 123,929 | ¥ 127,735 | $ 1,031 |
| Buildings | 71,863 | 74,202 | 598 |
| Lease Assets | 1,951 | 1,601 | 16 |
| Construction in Progress | 2,160 | 1,219 | 18 |
| Other | 23,663 | 24,823 | 197 |
| Total | ¥ 223,568 | ¥ 229,583 | $ 1,860 |

Accumulated depreciation amounted to ¥133,459 million (U.S. $1,110 million) and ¥139,883 million, and advanced depreciation amounted to ¥27,186 million (U.S. $226 million) and ¥27,294 million as of March 31, 2015 and 2014, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a "Deferred Tax Liability for Land Revaluation" in liabilities, and the amount net of such difference was recorded as a "Revaluation Reserve for Land" in net assets.

Revaluation date: March 31, 1999

Revaluation method prescribed by Paragraph 3 of Article 3 of the Act:

The revaluation was calculated by reasonably adjusting the value of land based on the posted prices for benchmark properties as prescribed by Item 1 of Article 2 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119, promulgated on March 31, 1998) and the land assessments under Item 4 of Article 2 of the same Order.

Differences between the fair value and the revalued carrying amount of the land for commercial use subject to Article 10 of the Act were ¥6,213 million (U.S. $52 million) and ¥6,688 million as of March 31, 2015 and 2014, respectively.

## 7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Software | ¥ 67,359 | ¥ 110,362 | $ 560 |
| Goodwill | 84,684 | 92,670 | 705 |
| Lease Assets | 64 | 94 | 1 |
| Other | 7,148 | 7,409 | 59 |
| Total | ¥ 159,256 | ¥ 210,536 | $ 1,325 |

## 8. Other Assets

Other assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Domestic Exchange Settlement Account, Debit | ¥ 1,246 | ¥ 585 | $ 10 |
| Prepaid Expenses | 6,671 | 7,052 | 56 |
| Accrued Income | 105,197 | 94,887 | 875 |
| Initial Margins of Futures Markets | 5,043 | 7,676 | 42 |
| Variation Margins of Futures Markets | 2,615 | — | 22 |
| Prepaid Pension Expenses | — | — | — |
| Financial Derivatives | 458,715 | 291,523 | 3,817 |
| Receivables for Securities Transactions | 31,697 | 203,056 | 264 |
| Cash Collateral Pledged for Financial Instruments-Assets | 667,449 | 418,015 | 5,554 |
| Other | 268,590 | 310,557 | 2,235 |
| Total | ¥ 1,547,226 | ¥ 1,333,355 | $ 12,874 |

## 9. Deposits

Deposits as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Current Deposits | ¥ 522,784 | ¥ 395,106 | $ 4,350 |
| Ordinary Deposits | 4,239,497 | 3,955,368 | 35,276 |
| Deposits at Notice | 88,150 | 92,086 | 733 |
| Time Deposits | 19,204,271 | 18,722,900 | 159,796 |
| Other | 1,025,007 | 957,867 | 8,529 |
| Total | ¥ 25,079,711 | ¥ 24,123,328 | $ 208,685 |

## 10. Borrowed Money

Borrowed money as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Subordinated Borrowings | ¥ 130,092 | ¥ 195,369 | $ 1,082 |
| Other Borrowed Money | 2,361,994 | 1,710,748 | 19,654 |
| Total | ¥ 2,492,087 | ¥ 1,906,117 | $ 20,736 |

Average interest rates on borrowed money were 0.16% and 0.61% for the fiscal years ended March 31, 2015 and 2014, respectively.

Annual maturities of borrowed money as of March 31, 2015, for the next five years are as follows:

| | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Fiscal Year Ending March 31 | 2015 | 2015 |
| 2016 | ¥ 1,545,008 | $ 12,856 |
| 2017 | 110,741 | 921 |
| 2018 | 125,973 | 1,048 |
| 2019 | 87,747 | 730 |
| 2020 | 98,031 | 816 |
| Total | ¥ 1,967,501 | $ 16,371 |

## 11. Bonds Payable

Bonds payable as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Perpetual Subordinated Bonds | ¥ 117,369 | ¥ 108,246 | $ 977 |
| Subordinated Bonds | 455,985 | 604,415 | 3,794 |
| Other Bonds Payable | 452,758 | 345,111 | 3,767 |
| Total | ¥ 1,026,113 | ¥ 1,057,772 | $ 8,538 |

Annual maturities of bonds payable as of March 31, 2015, for the next five years are as follows:

| Fiscal Year Ending March 31 | Millions of Yen 2015 | Millions of U.S. Dollars 2015 |
|---|---|---|
| 2016 | ¥ 53,000 | $ 441 |
| 2017 | 119,090 | 991 |
| 2018 | 177,329 | 1,476 |
| 2019 | 158,514 | 1,319 |
| 2020 | 70,000 | 582 |
| Total | ¥ 577,933 | $ 4,809 |

### 12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized.

### 13. Other Liabilities

Other liabilities as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Domestic Exchange Settlement Account, Credit | ¥ 315 | ¥ 622 | $ 3 |
| Income Taxes Payable | 32,280 | 20,685 | 269 |
| Accrued Expenses | 106,134 | 131,815 | 883 |
| Unearned Income | 72,113 | 72,396 | 600 |
| Variation Margins of Futures Markets | 2,384 | 2,530 | 20 |
| Financial Derivatives | 779,416 | 518,341 | 6,485 |
| Lease Obligations | 8,377 | 7,981 | 70 |
| Asset Retirement Obligations | 6,120 | 3,600 | 51 |
| Payables for Securities Transaction | 6,772 | 123,927 | 56 |
| Provision for Loss on Interest Repayment | 327 | 574 | 3 |
| Cash Collateral Pledged for Financial Instruments-Liabilities | 133,902 | 157,861 | 1,114 |
| Other | 130,978 | 99,380 | 1,090 |
| Total | ¥ 1,279,123 | ¥ 1,139,718 | $ 10,643 |

### 14. Acceptances and Guarantees

The bonds presented under "Securities" included guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) amounting to ¥137,027 million (U.S. $1,140 million) and ¥180,108 million as of March 31, 2015 and 2014, respectively.

## Notes to the Consolidated Statement of Income

### 1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Interest on Monetary Claims Bought | ¥ 2,874 | ¥ 2,939 | $ 24 |
| Others | 3,058 | 2,177 | 25 |
| Total | ¥ 5,933 | ¥ 5,116 | $ 49 |

(2) Other interest expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Interest on Interest Rate Swaps | ¥ 10,240 | ¥ 14,450 | $ 85 |
| Others | 8,415 | 8,080 | 70 |
| Total | ¥ 18,656 | ¥ 22,530 | $ 155 |

## 2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Income from Trading Securities and Derivatives | ¥ 1,276 | ¥ 193 | $ 11 |
| Income from Trading-Related Financial Derivatives Transactions | 30,455 | 23,952 | 253 |
| Other Trading Income | 696 | 458 | 6 |
| Total | ¥ 32,428 | ¥ 24,604 | $ 270 |

(2) Trading expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Expenses on Trading Transactions | ¥ — | ¥ 228 | $ — |
| Total | ¥ — | ¥ 228 | $ — |

## 3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Gains on Sales and Redemption of Bonds | ¥ 69,631 | ¥ 32,851 | $ 579 |
| Income from Derivatives Other Than for Trading or Hedging | — | 13,393 | — |
| Others | 218,383 | 243,791 | 1,817 |
| Total | ¥ 288,014 | ¥ 290,036 | $ 2,397 |

(2) Other ordinary expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Net Losses on Foreign Exchange Transactions | ¥ 252 | ¥ 3,831 | $ 2 |
| Losses on Sales and Redemption of Bonds | 5,939 | 17,377 | 49 |
| Losses on Derivatives Other Than for Trading or Hedging | 37,230 | — | 310 |
| Others | 193,707 | 218,948 | 1,612 |
| Total | ¥ 237,129 | ¥ 240,157 | $ 1,973 |

## 4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Gains on Sales of Stocks and Other Securities | ¥ 34,506 | ¥ 52,126 | $ 287 |
| Gains on Money Held in Trust | 683 | 796 | 6 |
| Net Reversal of Allowance for Possible Loan Losses | 18,978 | 8,429 | 158 |
| Recoveries of Written-Off Claims | 2,273 | 2,173 | 19 |
| Equity in Earnings of Affiliates | 5,380 | 3,381 | 45 |
| Gains on Stock-Related Derivatives | — | 3,148 | — |
| Gains on Disposal of Fixed Assets | 2,978 | 599 | 25 |
| Others | 13,600 | 18,501 | 113 |
| Total | ¥ 78,400 | ¥ 89,156 | $ 652 |

(2) Other expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Losses on Sales of Loans | ¥ 139 | ¥ 13 | $ 1 |
| Write-Off of Loans | 1,658 | 1,680 | 14 |
| Losses on Sales of Stocks and Other Securities | 36,357 | 53,553 | 303 |
| Losses on Devaluation of Stocks and Other Securities | 319 | 2,355 | 3 |
| Losses on Money Held in Trust | — | 0 | — |
| Losses on Disposal of Fixed Assets | 2,717 | 1,668 | 23 |
| Losses on Impairment of Fixed Assets | 5,017 | 10,301 | 42 |
| Management Integration Expenses | 8,480 | 7,579 | 71 |
| Others | 76,224 | 21,463 | 634 |
| Total | ¥ 130,914 | ¥ 98,616 | $ 1,089 |

"Others" includes banking IT system integration costs, which is ¥55,148 million (U.S. $459 million). After the merger on April 1, 2012, among The Chuo Mitsui Trust and Banking Company, Limited, Chuo Mitsui Asset Trust and Banking Company, Limited, and The Sumitomo Trust and Banking Co., Ltd. to establish SuMi TRUST Bank, their banking IT systems have been used in parallel. Costs incurred from the integration of their system data at the complete integration of their IT systems were expensed when each system migration was completed.

## 5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Taxes Other Than Income Taxes | ¥ 13,675 | ¥ 12,262 | $ 114 |
| Personnel Expenses | 194,120 | 191,934 | 1,615 |
| Others | 198,104 | 198,681 | 1,648 |
| Total | ¥ 405,901 | ¥ 402,877 | $ 3,377 |

## Note to the Consolidated Statement of Comprehensive Income

### Reclassification Adjustments and the Related Tax Effects Concerning Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | **March 31, 2015** | March 31, 2014 | **March 31, 2015** |
| Valuation Difference on Available-for-Sale Securities: | | | |
| Changes during the Period | **¥ 431,694** | ¥ 120,349 | **$ 3,592** |
| Reclassification Adjustments | **(51,342)** | (13,256) | **(427)** |
| Before Tax Effects | **380,351** | 107,093 | **3,165** |
| Tax Effects | **(113,779)** | (37,464) | **(947)** |
| Valuation Difference on Available-for-Sale Securities | **266,571** | 69,629 | **2,218** |
| Deferred Gains (Losses) on Hedges: | | | |
| Changes during the Period | **(13,046)** | (9,788) | **(109)** |
| Reclassification Adjustments | **10,240** | 14,450 | **85** |
| Before Tax Effects | **(2,805)** | 4,661 | **(23)** |
| Tax Effects | **460** | (1,584) | **4** |
| Deferred Gains (Losses) on Hedges | **(2,345)** | 3,077 | **(20)** |
| Revaluation Reserve for Land: | | | |
| Changes during the Period | **—** | — | **—** |
| Reclassification Adjustments | **—** | — | **—** |
| Before Tax Effects | **—** | — | **—** |
| Tax Effects | **339** | — | **3** |
| Revaluation Reserve for Land | **339** | — | **3** |
| Foreign Currency Translation Adjustments: | | | |
| Changes during the Period | **7,851** | 10,302 | **65** |
| Reclassification Adjustments | **(1,334)** | — | **(11)** |
| Before Tax Effects | **6,517** | 10,302 | **54** |
| Tax Effects | **—** | — | **—** |
| Foreign Currency Translation Adjustments | **6,517** | 10,302 | **54** |
| Adjustments for Retirement Benefits | | | |
| Changes during the Period | **70,366** | — | **586** |
| Reclassification Adjustments | **6,095** | — | **51** |
| Before Tax Effects | **76,462** | — | **636** |
| Tax Effects | **(25,631)** | — | **(213)** |
| Adjustments for Retirement Benefits | **50,831** | — | **423** |
| Attributable to Equity-Method Affiliated Companies: | | | |
| Changes during the Period | **3,796** | 1,247 | **32** |
| Reclassification Adjustments | **1,274** | 498 | **11** |
| Attributable to Equity-Method Affiliated Companies | **5,071** | 1,745 | **42** |
| Total Other Comprehensive Income | **¥ 326,984** | ¥ 84,755 | **$ 2,721** |

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Class and the Number of Issued Shares of Common Stock and Treasury Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Thousands of Shares | | | | |
|---|---|---|---|---|---|
| | Authorized | Number of Shares Outstanding at the Beginning of the Fiscal Year | Increase | Decrease | Number of Shares Outstanding at the End of the Fiscal Year |
| March 31, 2015 | | | | | |
| Number of Issued Shares: | | | | | |
| Common Share | 8,500,000 | 3,903,486 | — | — | 3,903,486 |
| The First Series of Class VII Preferred Shares | — | 109,000 | — | 109,000 | — |
| Total | 8,500,000 | 4,012,486 | — | 109,000 | 3,903,486 |
| Treasury Stock: | | | | | |
| Common Share | | 1,359 | 39,137 | 50 | 40,446 |
| The First Series of Class VII Preferred Shares | | — | 109,000 | 109,000 | — |
| Total | | 1,359 | 148,137 | 109,050 | 40,446 |

(Notes)

1) The number of the First Series of Class VII Preferred Shares decreased due to their acquisitions and cancelations, which were resolved at the meeting of the Board of Directors held on July 31, 2014.

2) The number of shares of common stock held as treasury stock increased by 137 thousand shares due to the purchase of odd-lot or less than one thousand shares and by 39,000 thousand shares due to the acquisition of treasury stock, which was resolved at the meeting of the Board of Directors held on January 29, 2015.

3) The number of shares of common stock held as treasury stock decreased by 8 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders and by 42 thousand shares due to transfer of shares upon exercise of stock option rights.

4) The number of the First Series of Class VII Preferred Shares held as treasury stock increased and then decreased by 109,000 thousand shares due to their acquisitions and cancelations, which were resolved at the meeting of the Board of Directors held on July 31, 2014.

| | Thousands of Shares | | | | |
|---|---|---|---|---|---|
| | Authorized | Number of Shares Outstanding at the Beginning of the Fiscal Year | Increase | Decrease | Number of Shares Outstanding at the End of the Fiscal Year |
| March 31, 2014 | | | | | |
| Number of Issued Shares: | | | | | |
| Common Share | 8,500,000 | 3,903,486 | — | — | 3,903,486 |
| The First Series of Class VII Preferred Shares | 109,000 | 109,000 | — | — | 109,000 |
| Total | 8,609,000 | 4,012,486 | — | — | 4,012,486 |
| Treasury Stock: | | | | | |
| Common Share | | 218,176 | 216 | 217,033 | 1,359 |

(Notes)

1) The number of shares of common stock held as treasury stock increased by 216 thousand shares due to the purchase of odd-lot or less than one thousand shares.

2) The number of shares of common stock held as treasury stock decreased by 9 thousand shares due to purchase requests from odd-lot or less than one thousand shareholders, by 24 thousand shares due to transfer of shares upon exercise of stock option rights, and by 217,000 thousand shares due to sales of treasury stocks for foreign offering as of June 13, 2013.

## 2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | | **2015** | 2014 | **2015** |
| SuMi TRUST Holdings | Subscription Rights to Shares as Stock Options | **¥ 246** | ¥ 47 | **$ 2** |
| Consolidated Subsidiary | | | | |
| (Nikko Asset Management Co., Ltd.) | Subscription Rights to Shares as Stock Options | **¥ —** | ¥ — | **$ —** |

## 3. Dividends

Dividends paid for the fiscal years ended March 31, 2015 and 2014, consist of the following:

As for the fiscal year ended March 31, 2015:

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| June 27, 2014 | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 19,510 ($162) | ¥ 5.00 ($0.04) | March 31, 2014 | June 30, 2014 |
| | The First Series of Class VII Preferred Shares | ¥ 2,305 ($19) | ¥21.15 ($0.18) | March 31, 2014 | June 30, 2014 |

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| July 31, 2014 | | | | | |
| Board of Directors' Meeting | The First Series of Class VII Preferred Shares | ¥ 2,305 ($19) | ¥21.15 ($0.18) | September 30, 2014 | October 1, 2014 |

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| November 13, 2014 | | | | | |
| Board of Directors' Meeting | Common Share | ¥ 21,461 ($179) | ¥ 5.50 ($0.05) | September 30, 2014 | December 2, 2014 |

Dividends with a record date during the current fiscal year ended March 31, 2015, but whose effective date is after March 31, 2015, are as follows:

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|---|---|---|---|---|---|---|
| | | Millions of Yen (Millions of U.S. Dollars) | | Yen (U.S. Dollars) | | |
| June 26, 2015 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 25,109 ($209) | Retained Earnings | ¥ 6.50 ($0.05) | March 31, 2015 | June 29, 2015 |

As for the fiscal year ended March 31, 2014:

| Resolution | Type of Shares | Cash Dividends Declared | Cash Dividends per Share | Record Date | Effective Date |
|---|---|---|---|---|---|
| | | Millions of Yen | Yen | | |
| June 27, 2013 | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 17,505 | ¥ 4.75 | March 31, 2013 | June 28, 2013 |
| | The First Series of Class VII Preferred Shares | ¥ 2,305 | ¥21.15 | March 31, 2013 | June 28, 2013 |

| Resolution | Type of Shares | Cash Dividends Declared | Cash Dividends per Share | Record Date | Effective Date |
|---|---|---|---|---|---|
| | | Millions of Yen | Yen | | |
| November 14, 2013 | | | | | |
| Board of Directors' Meeting | Common Share | ¥ 19,511 | ¥ 5.00 | September 30, 2013 | December 3, 2013 |
| | The First Series of Class VII Preferred Shares | ¥ 2,305 | ¥21.15 | September 30, 2013 | December 3, 2013 |

Dividends with a record date during the fiscal year ended March 31, 2014, but whose effective date is after March 31, 2014, are as follows:

| Resolution | Type of Shares | Cash Dividends Declared | Dividend Resources | Cash Dividends per Share | Record Date | Effective Date |
|---|---|---|---|---|---|---|
| | | Millions of Yen | | Yen | | |
| June 27, 2014 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 19,510 | Retained Earnings | ¥ 5.00 | March 31, 2014 | June 30, 2014 |
| | The First Series of Class VII Preferred Shares | ¥ 2,305 | Retained Earnings | ¥21.15 | March 31, 2014 | June 30, 2014 |

## Note to the Consolidated Statement of Cash Flows

### 1. Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2015 and 2014.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Cash and Due from Banks | ¥ 10,530,766 | ¥ 6,916,949 | $ 87,625 |
| Due from Consolidated Subsidiaries in Japan Involving in Trust Banking Business (excluding Due from the Bank of Japan) | (2,508,748) | (1,516,446) | (20,875) |
| **Cash and Cash Equivalents** | **¥ 8,022,017** | ¥ 5,400,503 | **$ 66,750** |

## Leases

### 1. Finance Leases

As a lessee:

(1) Finance leases that do not transfer ownership of the lease assets to lessees

1) Description of lease assets

i) Tangible fixed assets

Mainly store buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

Refer to "(4) Depreciation and Amortization Methods" of "4. Significant Accounting Policies" in the Significant Accounting Policies and Practices.

(2) Finance leases that do not transfer ownership of the lease assets to lessees accounted for as operating leases

There were no relevant items for the fiscal years ended March 31, 2015 and 2014.

### 2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Due in One Year or Less | ¥ 4,560 | ¥ 4,072 | $ 38 |
| Due in More than One Year | 13,808 | 7,706 | 115 |
| **Total** | **¥ 18,369** | ¥ 11,779 | **$ 153** |

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Due in One Year or Less | ¥ 2,354 | ¥ 4,934 | $ 20 |
| Due in More than One Year | 2,125 | 3,957 | 18 |
| **Total** | **¥ 4,480** | ¥ 8,892 | **$ 37** |

## Financial Instruments

### 1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

SuMi TRUST Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies as well as measures for investing and funding financial assets and financial liabilities under its annual plan.

SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SuMi TRUST Bank conducts derivative transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3, the Ordinance for Enforcement of the Banking Act. Some consolidated subsidiaries are also engaged in trading securities.

(2) Description and Risks of Financial Instruments

1) Trading accounts

SuMi TRUST Group deals with over-the-counter (OTC) and listed derivatives transactions related to interest rates, exchange rates, bonds, credits, and commodities, as well as trading securities. These derivatives transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, and prices; credit risks; and other risks.

2) Banking accounts

Financial assets of SuMi TRUST Group are primarily loans to corporations and individuals in Japan and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers' credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks as becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Group comprehensively manages various financial assets and liabilities, such as loans and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction.

To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices."

(3) Risk Management for Financial Instruments

SuMi TRUST Group sets out a basic framework for group-wide risk management in the Rules for Risk Management, and establishes the Risk Management Department to supervise, manage, and direct SuMi TRUST Bank and other group companies regarding development of an appropriate risk management system, as well as to monitor SuMi TRUST Group's risks.

1) Credit risk management

Credit risk is the risk of financial loss of SuMi TRUST Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit risk is the most basic financial risk related to a credit creating function. SuMi TRUST Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

(a) Risk management policy on credit risk

The basic policy of SuMi TRUST Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Group manages credit exposures of each customer based on its limited credit amount, and periodically reviews impacts of identified risks to large and particular creditors and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Group manages individual credits through processes, such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of creditor and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Group evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

(b) Risk management framework for credit risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and economic capital allocation plans, and approves the "Self-Assessment Rules" based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Corporate Risk Management Department.

2) Market risk management

Market risk is the risk of financial loss of SuMi TRUST Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

(a) Risk management policy on market risk

In managing market risk, SuMi TRUST Group maintains a basic policy to organize an appropriate risk management framework for market risk compatible with strategic goals, the scale and nature of its operations, and risk profiles from a perspective of soundness and appropriateness of its business.

(b) Risk management framework for market risk

With regard to market risk, SuMi TRUST Group maintains a basic policy for setting and controlling various risk limits and segregation of organizations related to market risk under its Rules for Risk Management. The practical application of the basic policy is stated in the Rules for Market Risk Management. Divisions that execute transactions (the front office) are clearly segregated from divisions that process transactions (the back office) for independent check purposes, and the Risk Management Department, which is independent from both of the front and back offices, centrally manages market risk. This department identifies and analyzes group-wide risk, tracks adherence to risk limits, and reports to respective directors in charge on a daily basis and to the board of directors periodically.

In SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets/liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits/losses and monitoring the status of market risk managed under ALM basic plans and the status of compliance with risk limits. The Department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee as well as the board of directors periodically.

(c) Market risk management approach

SuMi TRUST Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Group, SuMi TRUST Group manages market risks by measuring VaR and calculating various risk management indicators, and carrying out various simulations.

The internally developed VaR model is basically the variance-covariance method, and the historical simulation method is also used for calculating some risks (nonlinear risks and others), such as risks associated with option transactions. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to its characteristics. SuMi TRUST Group calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

(d) Quantitative information related to market risk

(i) Trading accounts

SuMi TRUST Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivatives transactions held in the "Trading Accounts." The VaR model used is primarily based on the variance-covariance method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 260 business days).

As of March 31, 2015, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Trading Accounts was ¥4.2 billion (U.S. $35 million).

SuMi TRUST Group performs back testing that compares the results of VaR calculations based on its internal model with actual profit and loss. The back testing for the fiscal year ended March 31, 2015, resulted in two instances where actual losses were in excess of VaR; therefore, SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

SuMi TRUST Group uses VaR for managing risks associated with financial assets and liabilities held in the "Banking Accounts." The variance-covariance method is the primary measurement method for interest/exchange rate and credit spread exposures, and the historical simulation method for stock price exposure (with a holding period of a maximum of one year according to a position, confidence interval of 99%, and observation period of 260 business days—one or five years for stock prices).

As of March 31, 2015, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Group in the Banking Account was ¥750.7 billion (U.S. $6,246 million).

SuMi TRUST Group performs back testing on certain positions held in the "Banking Accounts" that compares the results of VaR calculations based on its internal model with actual profit and loss regarding financial assets and liabilities subject to measurement. SuMi TRUST Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture the risks under extreme market movements.

3) Management of liquidity risk (Liquidity risk management on fund raising)

Liquidity risk is the risk of financial loss to SuMi TRUST Group when the Group fails to raise necessary funds or is forced to raise funds at significantly higher rates.

(a) Risk management policy of liquidity risk

With regard to liquidity risk, SuMi TRUST Group designs and implements a policy to build up a risk management framework for liquidity risk, recognizing that financial difficulties due to exposure to such a risk could possibly lead SuMi TRUST Group directly to bankruptcy under certain circumstances.

(b) Risk management framework and approaches for liquidity risk

Liquidity Risk Management Departments determines the extent of SuMi TRUST Group's cash crunch appropriately in cooperation with the liquidity management department, while gathering and analyzing information related to both the internal environment, such as the Group's risk profiles, and external environment, such as economic circumstances or market conditions based on the risk management plan approved by the board of directors semiannually.

To reduce liquidity risk, the liquidity risk management departments manage cash flow within the predetermined appropriate limits, and the liquidity risk management departments monitor its compliance.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

## 2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheets and fair values of financial instruments as of March 31, 2015 and 2014, as well as the differences between these values are presented below. The fair values of unlisted shares are excluded from the following table, because such fair values are extremely difficult to determined (See Note 2).

| | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2015 | | |
| | Carrying Amount | Fair Value | Difference | Carrying Amount | Fair Value | Difference |
| (1) Cash and Due from Banks (*1) | ¥ 10,530,665 | ¥ 10,530,665 | ¥ — | $ 87,624 | $ 87,624 | $ — |
| (2) Call Loans and Bills Bought | 205,075 | 205,075 | — | 1,706 | 1,706 | — |
| (3) Receivables under Resale Agreements | 136,188 | 136,188 | — | 1,133 | 1,133 | — |
| (4) Receivables under Securities Borrowing Transactions | 310,806 | 310,806 | — | 2,586 | 2,586 | — |
| (5) Monetary Claims Bought (*1) | 756,281 | 756,746 | 464 | 6,293 | 6,297 | 4 |
| (6) Trading Assets | | | | | | |
| Trading Securities | 211,513 | 211,513 | — | 1,760 | 1,760 | — |
| (7) Money Held in Trust | 1,619 | 1,619 | — | 13 | 13 | — |
| (8) Securities | | | | | | |
| Held-to-Maturity Debt Securities | 352,976 | 393,520 | 40,543 | 2,937 | 3,274 | 337 |
| Available-for-Sale Securities | 4,207,443 | 4,207,443 | — | 35,010 | 35,010 | — |
| (9) Loans and Bills Discounted | 25,550,064 | | | 212,598 | | |
| Allowance for Loan Losses (*2) | (78,777) | | | (655) | | |
| | 25,471,286 | 25,755,876 | 284,589 | 211,943 | 214,311 | 2,368 |
| (10) Foreign Exchanges | 12,732 | 12,732 | — | 106 | 106 | — |
| (11) Lease Receivables and Investment Assets (*1) | 544,554 | 553,062 | 8,508 | 4,531 | 4,602 | 71 |
| Total Assets | ¥ 42,741,143 | ¥ 43,075,250 | ¥ 334,106 | $ 355,643 | $ 358,423 | $ 2,780 |
| (1) Deposits | ¥ 25,079,711 | ¥ 25,110,865 | ¥ 31,154 | $ 208,685 | $ 208,944 | $ 259 |
| (2) Negotiable Certificates of Deposit | 6,570,567 | 6,570,567 | — | 54,673 | 54,673 | — |
| (3) Call Money and Bills Sold | 497,600 | 497,600 | — | 4,140 | 4,140 | — |
| (4) Payables under Repurchase Agreements | 462,942 | 462,942 | — | 3,852 | 3,852 | — |
| (5) Borrowed Money | 2,492,087 | 2,500,781 | 8,693 | 20,736 | 20,809 | 72 |
| (6) Foreign Exchanges | 140 | 140 | — | 1 | 1 | — |
| (7) Short-Term Bonds Payable | 974,317 | 974,317 | — | 8,107 | 8,107 | — |
| (8) Bonds Payable | 1,026,113 | 1,057,828 | 31,715 | 8,538 | 8,802 | 264 |
| (9) Borrowed Money from Trust Account | 3,983,261 | 3,983,261 | — | 33,144 | 33,144 | — |
| Total Liabilities | ¥ 41,086,741 | ¥ 41,158,304 | ¥ 71,562 | $ 341,877 | $ 342,472 | $ 595 |
| Derivatives Transactions (*3) | | | | | | |
| Derivatives Transactions Not Qualifying for Hedge Accounting | ¥ 117,565 | ¥ 117,565 | ¥ — | $ 978 | $ 978 | $ — |
| Derivatives Transactions Qualifying for Hedge Accounting | (300,005) | (300,005) | — | (2,496) | (2,496) | — |
| Total Derivatives Transactions | ¥ (182,440) | ¥ (182,440) | ¥ — | $ (1,518) | $ (1,518) | $ — |

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

| | Millions of Yen | | |
|---|---|---|---|
| | 2014 | | |
| | Carrying Amount | Fair Value | Difference |
| (1) Cash and Due from Banks (*1) | ¥ 6,916,842 | ¥ 6,916,842 | ¥ — |
| (2) Call Loans and Bills Bought | 651,552 | 651,552 | — |
| (3) Receivables under Resale Agreements | 88,069 | 88,069 | — |
| (4) Receivables under Securities Borrowing Transactions | 289,377 | 289,377 | — |
| (5) Monetary Claims Bought (*1) | 899,552 | 900,432 | 880 |
| (6) Trading Assets | | | |
| Trading Securities | 207,162 | 207,162 | — |
| (7) Money Held in Trust | 1,344 | 1,344 | — |
| (8) Securities | | | |
| Held-to-Maturity Debt Securities | 410,076 | 451,992 | 41,916 |
| Available-for-Sale Securities | 5,109,131 | 5,109,131 | — |
| (9) Loans and Bills Discounted | 23,824,035 | | |
| Allowance for Loan Losses (*2) | (87,303) | | |
| | 23,736,731 | 23,933,434 | 196,702 |
| (10) Foreign Exchanges | 12,114 | 12,114 | — |
| (11) Lease Receivables and Investment Assets (*1) | 536,671 | 542,768 | 6,096 |
| Total Assets | ¥ 38,858,625 | ¥ 39,104,221 | ¥ 245,596 |
| (1) Deposits | ¥ 24,123,328 | ¥ 24,154,388 | ¥ 31,059 |
| (2) Negotiable Certificates of Deposit | 5,100,179 | 5,100,179 | — |
| (3) Call Money and Bills Sold | 200,005 | 200,005 | — |
| (4) Payables under Repurchase Agreements | 1,291,641 | 1,291,641 | — |
| (5) Borrowed Money | 1,906,117 | 1,916,886 | 10,769 |
| (6) Foreign Exchanges | 124 | 124 | — |
| (7) Short-Term Bonds Payable | 904,882 | 904,882 | — |
| (8) Bonds Payable | 1,057,772 | 1,091,075 | 33,302 |
| (9) Borrowed Money from Trust Account | 2,941,748 | 2,941,748 | — |
| Total Liabilities | ¥ 37,525,802 | ¥ 37,600,933 | ¥ 75,131 |
| Derivatives Transactions (*3) | | | |
| Derivatives Transactions Not Qualifying for Hedge Accounting | ¥ 140,173 | ¥ 140,173 | ¥ — |
| Derivatives Transactions Qualifying for Hedge Accounting | (251,228) | (251,228) | — |
| Total Derivatives Transactions | ¥ (111,054) | ¥ (111,054) | ¥ — |

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets, because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(Note 1) Method for Calculating Fair Values of Financial Instruments

**Assets**

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Monetary claims bought at counterparties' quoted prices or dealer/broker-quoted prices are stated at such prices. Fair values for all other such claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) Money Held in Trust

Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at quoted market prices or dealer/broker-quoted prices. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices.

Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities; and discounting the aggregate principal and interest by the assumed interest rate for similar new loans. However, variable-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheets at the consolidated balance sheet date, because such deducted amounts approximate fair value.

Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate fair value because of the expected repayment periods and the interest terms.

(11) Lease Receivables and Lease Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

### Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (6) Foreign Exchanges, (7) Short-Term Bonds Payable, and (9) Borrowed Money from Trust Accounts

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts, because they have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(5) Borrowed Money

Borrowed money at variable rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money. Fair values of borrowed money at fixed rates are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value.

(8) Bonds Payable

Bonds issued by SuMi TRUST Holdings and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

### Derivatives

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheets whose fair values are extremely difficult to be determined determinable are as stated below, and such amounts are not included in the market value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" sections.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| | Carrying Amount | Carrying Amount | Carrying Amount |
| Monetary Claims Bought | ¥ 38,202 | ¥ 35,983 | $ 318 |
| Securities | 155,813 | 151,732 | 1,296 |
| Unlisted Stocks (*3) | 94,059 | 101,081 | 783 |
| Investments in Associations | 57,835 | 47,678 | 481 |
| Others (*3) | 3,917 | 2,972 | 33 |
| Total | ¥ 194,015 | ¥ 187,716 | $ 1,614 |

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks in subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2015, impairment losses of ¥165 million (U.S. $1.4 million) and ¥17 million (U.S. $0.1 million) were recognized against Unlisted Stocks and Other, respectively.

During the fiscal year ended March 31, 2014, impairment losses of ¥1,922 million and ¥0 million were recognized against Unlisted Stocks and Other, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2015 and 2014.

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | ¥ 10,347,685 | ¥ 38 | ¥ — | ¥ — | ¥ — | ¥ — |
| Call Loans and Bills Bought | 205,075 | — | — | — | — | — |
| Receivables under Resale Agreements | 136,188 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 310,806 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 605,558 | 43,514 | 14,578 | 11,869 | 1,548 | 115,061 |
| Money Held in Trust | — | — | — | — | 1,619 | — |
| Securities | 913,896 | 741,715 | 414,421 | 401,945 | 247,510 | 299,364 |
| Held-to-Maturity Debt Securities | 34,261 | 78,877 | 30,265 | 73,150 | 18,123 | 137,539 |
| Government Bonds | 34,020 | 70,816 | — | — | 60 | 115,000 |
| Corporate Bonds | — | — | — | — | — | 2,552 |
| Available-for-Sale Securities with Maturity | 879,634 | 662,837 | 384,155 | 328,794 | 229,387 | 161,824 |
| Government Bonds | 518,000 | 275,025 | — | 10,000 | 10,000 | 29,000 |
| Local Government Bonds | 1,559 | 1,267 | 740 | — | 574 | — |
| Corporate Bonds | 35,726 | 198,630 | 205,473 | 86,706 | 34,793 | 4,858 |
| Loans and Bills Discounted (*2) | 3,738,875 | 4,970,326 | 4,524,076 | 2,617,678 | 1,710,390 | 5,314,207 |
| Lease Receivables and Investment Assets (*3) | 155,682 | 222,007 | 106,184 | 22,278 | 20,905 | 5,330 |
| Total | ¥ 16,413,769 | ¥ 5,977,603 | ¥ 5,059,260 | ¥ 3,053,770 | ¥ 1,981,975 | ¥ 5,733,962 |

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2014 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | ¥ 6,771,863 | ¥ 33 | ¥ — | ¥ — | ¥ — | ¥ — |
| Call Loans and Bills Bought | 651,552 | — | — | — | — | — |
| Receivables under Resale Agreements | 88,069 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 289,377 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 714,664 | 44,689 | 46,933 | 7,599 | 10,693 | 106,231 |
| Money Held in Trust | 12,000 | — | — | — | 1,344 | — |
| Securities | 1,670,003 | 618,934 | 501,871 | 242,986 | 1,042,191 | 309,464 |
| Held-to-Maturity Debt Securities | 31,209 | 90,500 | 29,231 | 40,685 | 99,396 | 146,771 |
| Government Bonds | 20,109 | 84,145 | 20,621 | — | — | 115,000 |
| Corporate Bonds | — | — | — | — | — | 3,626 |
| Available-for-Sale Securities with Maturity | 1,638,794 | 528,433 | 472,639 | 202,301 | 942,749 | 162,692 |
| Government Bonds | 1,324,150 | 62,040 | — | — | 10,000 | 27,000 |
| Local Government Bonds | 879 | 3,080 | 4,528 | 2,664 | 4,272 | — |
| Corporate Bonds | 115,915 | 147,950 | 188,801 | 75,921 | 30,992 | 31,227 |
| Loans and Bills Discounted (*2) | 4,116,416 | 4,814,457 | 3,692,460 | 2,628,246 | 1,664,957 | 4,859,300 |
| Lease Receivables and Investment Assets (*3) | 160,779 | 215,331 | 107,704 | 26,817 | 13,052 | 3,621 |
| Total | ¥ 14,474,726 | ¥ 5,693,447 | ¥ 4,348,969 | ¥ 2,905,649 | ¥ 2,732,238 | ¥ 5,278,617 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | $ 86,102 | $ 0 | $ — | $ — | $ — | $ — |
| Call Loans and Bills Bought | 1,706 | — | — | — | — | — |
| Receivables under Resale Agreements | 1,133 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 2,586 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 5,039 | 362 | 121 | 99 | 13 | 957 |
| Money Held in Trust | — | — | — | — | 13 | — |
| Securities | 7,604 | 6,172 | 3,448 | 3,345 | 2,059 | 2,491 |
| Held-to-Maturity Debt Securities | 285 | 656 | 252 | 609 | 151 | 1,144 |
| Government Bonds | 283 | 589 | — | — | 0 | 957 |
| Corporate Bonds | — | — | — | — | — | 21 |
| Available-for-Sale Securities with Maturity | 7,319 | 5,515 | 3,196 | 2,736 | 1,909 | 1,347 |
| Government Bonds | 4,310 | 2,288 | — | 83 | 83 | 241 |
| Local Government Bonds | 13 | 11 | 6 | — | 5 | — |
| Corporate Bonds | 297 | 1,653 | 1,710 | 721 | 290 | 40 |
| Loans and Bills Discounted (*2) | 31,111 | 41,357 | 37,644 | 21,781 | 14,232 | 44,219 |
| Lease Receivables and Investment Assets (*3) | 1,295 | 1,847 | 884 | 185 | 174 | 44 |
| Total | $ 136,577 | $ 49,739 | $ 42,097 | $ 25,410 | $ 16,492 | $ 47,711 |

(*1) The balances exclude Monetary Claims Bought for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥31 million (U.S. $0.3 million) and ¥23 million as of March 31, 2015 and 2014, respectively.

(*2) The balances exclude Loans and Bills Discounted for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥106,264 million (U.S. $884 million) and ¥107,462 million, and those without maturity, amounting to ¥2,552,970 million (U.S. $21,243 million) and ¥1,921,737 million as of March 31, 2015 and 2014, respectively.

(*3) The balances exclude Lease Receivables and investment assets for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥3,627 million (U.S. $30 million) and ¥1,321 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥11,000 million (U.S. $92 million) and ¥11,576 million as of March 31, 2015 and 2014, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2015 and 2014

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | ¥ 16,162,840 | ¥ 6,304,547 | ¥ 2,607,618 | ¥ 1,953 | ¥ 174 | ¥ — |
| Negotiable Certificates of Deposit | 6,558,541 | 12,026 | — | — | — | — |
| Call Money and Bills Sold | 497,600 | — | — | — | — | — |
| Payables under Repurchase Agreements | 462,942 | — | — | — | — | — |
| Borrowed Money (*2) | 1,545,008 | 236,714 | 185,778 | 75,272 | 165,351 | 243,869 |
| Short-Term Bonds Payable | 974,455 | — | — | — | — | — |
| Bonds Payable (*3) | 53,000 | 296,419 | 228,514 | 180,000 | 76,500 | 73,000 |
| Borrowed Money from Trust Account | 3,983,261 | — | — | — | — | — |
| Total | ¥ 30,237,649 | ¥ 6,849,707 | ¥ 3,021,911 | ¥ 257,225 | ¥ 242,026 | ¥ 316,869 |

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2014 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | ¥ 15,880,743 | ¥ 5,765,514 | ¥ 2,461,866 | ¥ 2,093 | ¥ 6,671 | ¥ — |
| Negotiable Certificates of Deposit | 5,018,132 | 82,047 | — | — | — | — |
| Call Money and Bills Sold | 200,005 | — | — | — | — | — |
| Payables under Repurchase Agreements | 1,291,641 | — | — | — | — | — |
| Borrowed Money (*2) | 968,307 | 216,905 | 150,548 | 175,931 | 180,042 | 169,013 |
| Short-Term Bonds Payable | 904,970 | — | — | — | — | — |
| Bonds Payable (*3) | 94,000 | 163,450 | 297,855 | 228,000 | 90,000 | 74,500 |
| Borrowed Money from Trust Account | 2,941,748 | — | — | — | — | — |
| Total | ¥ 27,299,549 | ¥ 6,227,917 | ¥ 2,910,269 | ¥406,024 | ¥ 276,713 | ¥ 243,513 |

| | Millions of U.S. Dollar | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | $ 134,489 | $ 52,459 | $ 21,698 | $ 16 | $ 1 | $ — |
| Negotiable Certificates of Deposit | 54,573 | 100 | — | — | — | — |
| Call Money and Bills Sold | 4,140 | — | — | — | — | — |
| Payables under Repurchase Agreements | 3,852 | — | — | — | — | — |
| Borrowed Money (*2) | 12,856 | 1,970 | 1,546 | 626 | 1,376 | 2,029 |
| Short-Term Bonds Payable | 8,108 | — | — | — | — | — |
| Bonds Payable (*3) | 441 | 2,466 | 1,901 | 1,498 | 637 | 607 |
| Borrowed Money from Trust Account | 33,144 | — | — | — | — | — |
| Total | $ 251,603 | $ 56,995 | $ 25,145 | $ 2,140 | $ 2,014 | $ 2,637 |

(*1) The balance of demand deposits is included in "Within 1 Year." Deposits include balances of current accounts.

(*2) The balances exclude perpetual subordinated debts without maturity, amounting to ¥40,000 million ($333 million) and ¥45,000 million as of March 31, 2015 and 2014, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥117,369 million ($977 million) and ¥108,246 million as of March 31, 2015 and 2014, respectively.

## Securities

*1. In addition to the "Securities" presented in the consolidated balance sheets, the following information includes trading securities and short-term corporate bonds under "Trading Assets," negotiable certificates of deposit reported under "Cash and Due from Banks," and loan-backed trust deeds reported under "Monetary Claims Bought."

*2. "Stocks in Subsidiaries and Affiliated Companies" are presented as a note to the consolidated financial statements.

### 1. Trading Securities

| | Valuation Difference Reflected in the Statements of Income | | |
|---|---|---|---|
| | Millions of Yen | | Millions of U.S. Dollars |
| | 2015 | 2014 | 2015 |
| Trading Securities | ¥ (21) | ¥ 74 | $ (0) |

## 2. Held-to-Maturity Securities with Fair Value

| March 31, 2015 | Millions of Yen | | |
|---|---|---|---|
| | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | ¥ 225,087 | ¥ 240,815 | ¥ 15,727 |
| Corporate Bonds | 2,552 | 2,575 | 22 |
| Other Bonds | 143,463 | 168,708 | 25,245 |
| Foreign Bonds | 120,344 | 145,167 | 24,823 |
| Others | 23,118 | 23,540 | 421 |
| Subtotal | 371,103 | 412,099 | 40,995 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | ¥ 60 | ¥ 59 | ¥ (0) |
| Other Bonds | 4,930 | 4,901 | (29) |
| Foreign Bonds | 4,930 | 4,901 | (29) |
| Others | — | — | — |
| Subtotal | 4,990 | 4,960 | (29) |
| Total | ¥ 376,094 | ¥ 417,060 | ¥ 40,965 |

| March 31, 2014 | Millions of Yen | | |
|---|---|---|---|
| | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | ¥ 245,415 | ¥ 256,514 | ¥ 11,098 |
| Corporate Bonds | 3,626 | 3,667 | 41 |
| Other Bonds | 184,705 | 216,145 | 31,440 |
| Foreign Bonds | 154,634 | 185,420 | 30,785 |
| Others | 30,070 | 30,725 | 654 |
| Subtotal | 433,747 | 476,328 | 42,580 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | ¥ 70 | ¥ 69 | ¥ (0) |
| Other Bonds | 7,428 | 7,419 | (8) |
| Foreign Bonds | 6,328 | 6,319 | (8) |
| Others | 1,100 | 1,100 | — |
| Subtotal | 7,498 | 7,489 | (9) |
| Total | ¥ 441,246 | ¥ 483,818 | ¥ 42,571 |

| | Millions of U.S. Dollars | | |
|---|---|---|---|
| March 31, 2015 | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | $ 1,873 | $ 2,004 | $ 131 |
| Corporate Bonds | 21 | 21 | 0 |
| Other Bonds | 1,194 | 1,404 | 210 |
| Foreign Bonds | 1,001 | 1,208 | 207 |
| Others | 192 | 196 | 4 |
| Subtotal | 3,088 | 3,429 | 341 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | $ 0 | $ 0 | $ (0) |
| Other Bonds | 41 | 41 | (0) |
| Foreign Bonds | 41 | 41 | (0) |
| Others | — | — | — |
| Subtotal | 42 | 41 | (0) |
| Total | $ 3,129 | $ 3,470 | $ 341 |

## 3. Available-for-Sale Securities

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | ¥ 1,383,048 | ¥ 636,263 | ¥ 746,785 |
| Bonds | 628,340 | 622,757 | 5,583 |
| Government Bonds | 230,603 | 228,343 | 2,260 |
| Local Government Bonds | 3,084 | 3,075 | 8 |
| Corporate Bonds | 394,652 | 391,338 | 3,314 |
| Other Securities | 1,074,910 | 1,042,943 | 31,966 |
| Foreign Stocks | 4,162 | 1,669 | 2,492 |
| Foreign Bonds | 911,452 | 893,868 | 17,584 |
| Others | 159,294 | 147,405 | 11,889 |
| Subtotal | 3,086,299 | 2,301,964 | 784,335 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | ¥ 60,885 | ¥ 72,075 | ¥ (11,189) |
| Bonds | 790,532 | 791,399 | (867) |
| Government Bonds | 615,411 | 615,489 | (77) |
| Local Government Bonds | 1,061 | 1,063 | (2) |
| Corporate Bonds | 174,058 | 174,846 | (787) |
| Other Securities | 328,068 | 346,057 | (17,989) |
| Foreign Stocks | 5,705 | 7,283 | (1,577) |
| Foreign Bonds | 136,285 | 137,101 | (816) |
| Others | 186,076 | 201,672 | (15,595) |
| Subtotal | 1,179,486 | 1,209,532 | (30,046) |
| Total | ¥ 4,265,785 | ¥ 3,511,496 | ¥ 754,289 |

| March 31, 2014 | Millions of Yen | | |
|---|---|---|---|
| | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | ¥ 971,373 | ¥ 572,817 | ¥ 398,555 |
| Bonds | 1,618,431 | 1,614,022 | 4,408 |
| Government Bonds | 1,168,353 | 1,168,135 | 217 |
| Local Government Bonds | 11,212 | 10,951 | 260 |
| Corporate Bonds | 438,866 | 434,935 | 3,930 |
| Other Securities | 1,115,218 | 1,095,812 | 19,405 |
| Foreign Stocks | 1,230 | 180 | 1,050 |
| Foreign Bonds | 972,598 | 963,347 | 9,250 |
| Others | 141,388 | 132,283 | 9,104 |
| Subtotal | 3,705,023 | 3,282,653 | 422,369 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | ¥ 136,250 | ¥ 158,356 | ¥ (22,105) |
| Bonds | 416,003 | 416,453 | (449) |
| Government Bonds | 256,111 | 256,123 | (11) |
| Local Government Bonds | 4,453 | 4,469 | (15) |
| Corporate Bonds | 155,438 | 155,859 | (421) |
| Other Securities | 1,024,783 | 1,041,909 | (17,125) |
| Foreign Stocks | 1,209 | 1,262 | (53) |
| Foreign Bonds | 791,966 | 799,034 | (7,067) |
| Others | 231,607 | 241,612 | (10,004) |
| Subtotal | 1,577,038 | 1,616,718 | (39,680) |
| Total | ¥ 5,282,061 | ¥ 4,899,372 | ¥ 382,689 |

| March 31, 2015 | Millions of U.S. Dollars | | |
|---|---|---|---|
| | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | $ 11,508 | $ 5,294 | $ 6,214 |
| Bonds | 5,228 | 5,182 | 46 |
| Government Bonds | 1,919 | 1,900 | 19 |
| Local Government Bonds | 26 | 26 | 0 |
| Corporate Bonds | 3,284 | 3,256 | 28 |
| Other Securities | 8,944 | 8,678 | 266 |
| Foreign Stocks | 35 | 14 | 21 |
| Foreign Bonds | 7,584 | 7,438 | 146 |
| Others | 1,325 | 1,227 | 99 |
| Subtotal | 25,681 | 19,154 | 6,526 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | $ 507 | $ 600 | $ (93) |
| Bonds | 6,578 | 6,585 | (7) |
| Government Bonds | 5,121 | 5,121 | (1) |
| Local Government Bonds | 9 | 9 | (0) |
| Corporate Bonds | 1,448 | 1,455 | (7) |
| Other Securities | 2,730 | 2,879 | (150) |
| Foreign Stocks | 47 | 61 | (13) |
| Foreign Bonds | 1,134 | 1,141 | (7) |
| Others | 1,548 | 1,678 | (130) |
| Subtotal | 9,814 | 10,064 | (250) |
| Total | $ 35,495 | $ 29,219 | $ 6,276 |

## 4. Held-to-Maturity Securities Sold during the Fiscal Year

There were no held-to-maturity securities sold for the fiscal years ended March 31, 2015 and 2014.

## 5. Available-for-Sale Securities Sold during the Fiscal Year

| | Millions of Yen | | |
|---|---|---|---|
| Year Ended March 31, 2015 | Amount Sold | Gain | Loss |
| Stocks | ¥ 81,264 | ¥ 34,421 | ¥ 337 |
| Bonds | 188,777 | 1,851 | 208 |
| Government Bonds | 101,648 | 1,390 | 182 |
| Local Government Bonds | 21,122 | 275 | 20 |
| Corporate Bonds | 66,007 | 185 | 4 |
| Other Securities | 5,409,087 | 68,044 | 41,517 |
| Foreign Bonds | 5,178,807 | 67,396 | 5,407 |
| Others | 230,280 | 647 | 36,109 |
| Total | ¥ 5,679,129 | ¥ 104,317 | ¥ 42,062 |

| | Millions of Yen | | |
|---|---|---|---|
| Year Ended March 31, 2014 | Amount Sold | Gain | Loss |
| Stocks | ¥ 140,237 | ¥ 45,969 | ¥ 2,779 |
| Bonds | 571,254 | 5,957 | 4,078 |
| Government Bonds | 451,341 | 5,484 | 3,888 |
| Local Government Bonds | 16,342 | 41 | 46 |
| Corporate Bonds | 103,569 | 431 | 143 |
| Other Securities | 3,445,781 | 33,051 | 64,073 |
| Foreign Bonds | 3,322,108 | 26,684 | 13,282 |
| Others | 123,673 | 6,366 | 50,790 |
| Total | ¥ 4,157,272 | ¥ 84,978 | ¥ 70,931 |

| | Millions of U.S. Dollars | | |
|---|---|---|---|
| Year Ended March 31, 2015 | Amount Sold | Gain | Loss |
| Stocks | $ 676 | $ 286 | $ 3 |
| Bonds | 1,571 | 15 | 2 |
| Government Bonds | 846 | 12 | 2 |
| Local Government Bonds | 176 | 2 | 0 |
| Corporate Bonds | 549 | 2 | 0 |
| Other Securities | 45,008 | 566 | 345 |
| Foreign Bonds | 43,092 | 561 | 45 |
| Others | 1,916 | 5 | 300 |
| Total | $ 47,255 | $ 868 | $ 350 |

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

### 6. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, or those deemed to be trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheets. The difference between the acquisition cost and the fair values is recognized as an impairment loss. Impairment losses recognized were ¥136 million (U.S. $1 million) and ¥431 million on stocks during the fiscal years ended March 31, 2015 and 2014, respectively.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30% but less than 50% from acquisition cost and the fair values have continued to decline over a certain period.

## Money Held in Trust

### 1. Money Held in Trust for Trading Purposes

There was no money held in trust for trading purposes for the fiscal years ended March 31, 2015 and 2014.

### 2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2015 and 2014.

### 3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | ¥ 1,619 | ¥ 1,041 | ¥ 577 | ¥ 577 | ¥ — |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| March 31, 2014 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | ¥ 13,344 | ¥ 13,027 | ¥ 316 | ¥ 316 | ¥ — |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | $ 13 | $ 9 | $ 5 | $ 5 | $ — |

(Note) The amount of "Difference" is net of "Positive Difference" and "Negative Difference."

## Valuation Differences on Available-for-Sale Securities

The following table shows components of "Valuation Differences on Available-for-Sale Securities" in the consolidated balance sheets.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| March 31 | 2015 | 2014 | 2015 |
| Valuation Differences | | | |
| Available-for-Sale Securities | ¥ 730,352 | ¥ 350,837 | $ 6,077 |
| Other Money Held in Trust | 577 | 316 | 5 |
| Total Valuation Differences | 730,930 | 351,154 | 6,082 |
| Amount Equivalent to Deferred Tax Assets (Liabilities) | (234,082) | (120,404) | (1,948) |
| Total (before Adjustment for Minority Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies) | 496,848 | 230,750 | 4,134 |
| Minority Interests | (226) | (601) | (2) |
| Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies | 8,825 | (511) | 73 |
| Valuation Differences on Available-for-Sale Securities | ¥ 505,448 | ¥ 229,637 | $ 4,206 |

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to determine, are included in the "Available-for-Sale Securities" under "Valuation Difference."

2) The valuation difference of ¥246 million (U.S. $2 million) and ¥(49) million on available-for-sale securities composing assets held by associated companies as of March 31, 2015 and 2014, respectively, is included in "Available-for-Sale Securities" under "Valuation Difference."

3) The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Difference."

## Derivatives

### 1. Derivative Transactions Not Qualifying for Hedge Accounting

Derivative transactions not qualifying for hedge accounting are grouped by the type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Interest Futures | | | | | | | | |
| Sold | ¥ 27,671,275 | ¥12,656,733 | ¥ (32,234) | ¥ (32,234) | $ 230,249 | $ 105,315 | $ (268) | $ (268) |
| Purchased | 24,927,660 | 11,462,974 | 29,404 | 29,404 | 207,419 | 95,382 | 245 | 245 |
| Interest Options | | | | | | | | |
| Sold | 3,687,095 | 536,985 | (937) | 585 | 30,680 | 4,468 | (8) | 5 |
| Purchased | 2,574,168 | 309,266 | 897 | (470) | 21,419 | 2,573 | 7 | (4) |
| OTC | | | | | | | | |
| Forward Rate Agreements | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — | $ — |
| Purchased | — | — | — | — | — | — | — | — |
| Interest Rate Swaps | | | | | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | 62,632,510 | 50,776,915 | 2,072,978 | 2,072,978 | 521,156 | 422,507 | 17,249 | 17,249 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 62,331,751 | 50,397,565 | (1,970,366) | (1,970,366) | 518,653 | 419,351 | (16,395) | (16,395) |
| Floating Interest Rate Receivable/ Floating Interest Rate Payable | 5,014,328 | 4,052,208 | 4,989 | 4,989 | 41,723 | 33,718 | 42 | 42 |
| Interest Options | | | | | | | | |
| Sold | 5,623,217 | 5,536,921 | (80,395) | (33,349) | 46,790 | 46,072 | (669) | (277) |
| Purchased | 4,204,101 | 4,129,953 | 56,481 | 27,639 | 34,982 | 34,365 | 470 | 230 |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 80,818 | ¥ 99,176 | | | $ 672 | $ 825 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Interest Futures | | | | |
| Sold | ¥ 33,039,172 | ¥ 25,296,720 | ¥ 300 | ¥ 300 |
| Purchased | 31,967,212 | 23,348,077 | 1,252 | 1,252 |
| Interest Options | | | | |
| Sold | 2,355,433 | 722,076 | (786) | 114 |
| Purchased | 1,458,669 | 497,261 | 597 | (130) |
| OTC | | | | |
| Forward Rate Agreements | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | 66,123,613 | 52,516,979 | 1,676,682 | 1,676,682 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 65,181,210 | 51,755,650 | (1,549,700) | (1,549,700) |
| Floating Interest Rate Receivable/ Floating Interest Rate Payable | 4,541,809 | 3,162,879 | 4,988 | 4,988 |
| Interest Options | | | | |
| Sold | 4,510,352 | 4,420,147 | (59,282) | 372 |
| Purchased | 3,490,159 | 3,438,234 | 33,820 | 1,068 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| **Total** | | | ¥ 107,871 | ¥ 134,948 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of over-the-counter (OTC) derivative transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Currency Futures | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — | $ — |
| Purchased | — | — | — | — | — | — | — | — |
| Currency Options | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| OTC | | | | | | | | |
| Currency Swaps | ¥ 2,462,040 | ¥ 2,013,474 | ¥ 12,260 | ¥ 12,260 | $ 20,486 | $ 16,754 | $ 102 | $ 102 |
| Forward Exchange Contracts | | | | | | | | |
| Sold | 6,599,861 | 433,432 | (90,959) | (90,959) | 54,916 | 3,607 | (757) | (757) |
| Purchased | 6,039,915 | 466,314 | 139,938 | 139,938 | 50,257 | 3,880 | 1,164 | 1,164 |
| Currency Options | | | | | | | | |
| Sold | 1,401,709 | 539,308 | (96,672) | (41,069) | 11,663 | 4,488 | (804) | (342) |
| Purchased | 1,204,954 | 506,242 | 69,947 | 26,779 | 10,026 | 4,212 | 582 | 223 |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 34,513 | ¥ 46,948 | | | $ 287 | $ 391 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Currency Futures | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| Currency Options | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| OTC | | | | |
| Currency Swaps | ¥ 1,044,582 | ¥ 878,297 | ¥ 1,287 | ¥ 1,287 |
| Forward Exchange Contracts | | | | |
| Sold | 6,030,992 | 275,546 | (86,732) | (86,732) |
| Purchased | 5,377,563 | 409,388 | 134,103 | 134,103 |
| Currency Options | | | | |
| Sold | 1,558,263 | 722,613 | (72,984) | (10,113) |
| Purchased | 1,413,270 | 657,963 | 56,106 | (2,899) |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ 31,780 | ¥ 35,646 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Stock Index Futures | | | | | | | | |
| Sold | ¥ 108,238 | ¥ — | ¥ (229) | ¥ (229) | $ 901 | $ — | $ (2) | $ (2) |
| Purchased | 107,333 | — | 110 | 110 | 893 | — | 1 | 1 |
| Stock Index Options | | | | | | | | |
| Sold | 8,730 | — | (44) | 28 | 73 | — | (0) | 0 |
| Purchased | 164,219 | — | 486 | (87) | 1,366 | — | 4 | (1) |
| OTC | | | | | | | | |
| OTC Stock Options | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — | $ — |
| Purchased | — | — | — | — | — | — | — | — |
| OTC Stock Swaps | | | | | | | | |
| Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable | 10,800 | 10,800 | 426 | 426 | 90 | 90 | 4 | 4 |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable | 10,800 | 10,800 | (426) | (426) | 90 | 90 | (4) | (4) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 323 | ¥ (178) | | | $ 3 | $ (1) |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Stock Index Futures | | | | |
| Sold | ¥ 88,412 | ¥ — | ¥ (856) | ¥ (856) |
| Purchased | 54,117 | — | 649 | 649 |
| Stock Index Options | | | | |
| Sold | 5,678 | — | (21) | 47 |
| Purchased | 12,108 | — | 36 | (113) |
| OTC | | | | |
| OTC Stock Options | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| OTC Stock Swaps | | | | |
| Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable | 43,000 | 43,000 | (774) | (774) |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable | 43,000 | 43,000 | 774 | 774 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ (191) | ¥ (272) |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges for the year ended March 31, 2015, and the Tokyo Stock Exchange and other exchanges for the year ended March 31, 2014. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Bond Futures | | | | | | | | |
| Sold | ¥ 1,479,724 | ¥ — | ¥ (13,668) | ¥ (13,668) | $ 12,313 | $ — | $ (114) | $ (114) |
| Purchased | 1,431,164 | — | 16,284 | 16,284 | 11,909 | — | 136 | 136 |
| Bond Future Options | | | | | | | | |
| Sold | 40,838 | — | (185) | 4 | 340 | — | (2) | 0 |
| Purchased | 44,041 | — | 271 | (0) | 366 | — | 2 | (0) |
| OTC | | | | | | | | |
| Bond Forward Contracts | | | | | | | | |
| Sold | ¥ 176,493 | ¥ — | ¥ (1,355) | ¥ (1,355) | $ 1,469 | $ — | $ (11) | $ (11) |
| Purchased | 186,042 | — | 1,247 | 1,247 | 1,548 | — | 10 | 10 |
| Bond Options | | | | | | | | |
| Sold | 24,691 | — | (142) | (27) | 205 | — | (1) | (0) |
| Purchased | 17,005 | — | 37 | (55) | 141 | — | 0 | (0) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 2,488 | ¥ 2,428 | | | $ 21 | $ 20 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Bond Futures | | | | |
| Sold | ¥ 2,043,076 | ¥ — | ¥ 1,884 | ¥ 1,884 |
| Purchased | 2,153,971 | — | (1,295) | (1,295) |
| Bond Future Options | | | | |
| Sold | 310,985 | — | (599) | 122 |
| Purchased | 247,110 | — | 610 | (16) |
| OTC | | | | |
| Bond Forward Contracts | | | | |
| Sold | ¥ 47,391 | ¥ — | ¥ 48 | ¥ 48 |
| Purchased | 32,728 | — | (46) | (46) |
| Bond Options | | | | |
| Sold | 11,541 | — | (3) | 26 |
| Purchased | 11,541 | — | 56 | 9 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ 654 | ¥ 733 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values of listed derivative transactions are based on the closing prices on the Osaka Exchange and other exchanges for the year ended March 31, 2015, and the Tokyo Stock Exchange and other exchanges for the year ended March 31, 2014. The fair values of OTC transactions are calculated according to the prices offered by quote information vendors.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014.

(6) Credit Derivative Transactions

Credit derivative transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| OTC | | | | | | | | |
| Credit Default Swaps | | | | | | | | |
| Sold | ¥ 53,809 | ¥ 53,809 | ¥ 1,176 | ¥ 1,176 | $ 448 | $ 448 | $ 10 | $ 10 |
| Purchased | 67,843 | 67,843 | (1,755) | (1,755) | 565 | 565 | (15) | (15) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ (578) | ¥ (578) | | | $ (5) | $ (5) |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| OTC | | | | |
| Credit Default Swaps | | | | |
| Sold | ¥ 27,800 | ¥ 27,800 | ¥ 470 | ¥ 470 |
| Purchased | 42,206 | 42,206 | (411) | (411) |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ 59 | ¥ 59 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values are calculated using the net present value method.

3) "Sold" represents transactions under which the credit risk has been assumed, and "Purchased" represents transactions under which the credit risk has been transferred to another party.

## 2. Derivative Transactions Qualifying for Hedge Accounting

Derivative transactions qualifying for hedge accounting are grouped by the type of underlying transaction. The national amounts (or the amount equivalent to the principal specified in the contracts) and the fair values as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| | | 2015 | | | 2015 | | |
| | | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | | Total | Over One Year | | Total | Over One Year | |
| Deferral Method | | | | | | | |
| Interest Rate Swaps | Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | | | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | | ¥ 2,802,112 | ¥ 2,095,843 | ¥ 9,849 | $ 23,316 | $ 17,439 | $ 82 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 834,685 | 675,219 | (36,129) | 6,945 | 5,618 | (301) |
| Interest Futures | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Interest Options | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Others | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Total | | | | ¥ (26,279) | | | $ (219) |

| | Major Hedged Item | Millions of Yen | | |
|---|---|---|---|---|
| | | 2014 | | |
| | | Notional Amount | | Fair Value |
| | | Total | Over One Year | |
| Deferral Method | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | ¥ 4,631,601 | ¥ 2,281,001 | ¥ 9,420 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 826,969 | 725,015 | (31,462) |
| Interest Futures | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Interest Options | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Others | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Exceptional Treatment for Interest Rate Swap | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | Borrowed Money | ¥ — | ¥ — | ¥ (*3) |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 29,084 | 27,409 | (*3) |
| **Total** | | | | ¥ (22,042) |

(Notes)

1) Deferred hedge accounting stipulated in Report No. 24 is applied, in principle.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

3) Interest rate swaps to which exceptional treatment is applied are accounted for as part of the borrowings being hedged; therefore, their fair values are included in the fair value of Borrowed Money presented under "Financial Instruments."

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| | | 2015 | | | 2015 | | |
| | | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | | Total | Over One Year | | Total | Over One Year | |
| Deferral Method | | | | | | | |
| Currency Swaps | Loans and Bills Discounted and Securities Denominated in Foreign Currencies | ¥ 2,830,428 | ¥ 2,214,688 | ¥ (273,932) | $ 23,552 | $ 18,428 | $ (2,279) |
| Forward Exchange Contracts | | | | | | | |
| Sold | | 4,080 | — | (56) | 34 | — | (0) |
| Purchased | | 19,218 | — | 296 | 160 | — | 2 |
| Others | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Total | | | | ¥ (273,692) | | | $ (2,277) |

| | Major Hedged Item | Millions of Yen | | |
|---|---|---|---|---|
| | | 2014 | | |
| | | Notional Amount | | Fair Value |
| | | Total | Over One Year | |
| Deferral Method | | | | |
| Currency Swaps | Loans and Bills Discounted, Securities Denominated in Foreign Currencies | ¥ 1,783,565 | ¥ 1,016,955 | ¥ (229,442) |
| Forward Exchange Contracts | | | | |
| Sold | | — | — | — |
| Purchased | | 13,170 | 445 | 257 |
| Others | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Total | | | | ¥ (229,185) |

(Notes)

1) Deferred hedge accounting stipulated in Report No. 25 is applied, in principle.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

Stock-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| | | 2015 | | | 2015 | | |
| | | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | | Total | Over One Year | | Total | Over One Year | |
| Fair Value Method | | | | | | | |
| OTC Stock Swaps | | | | | | | |
| Volatility of Stock Price and Others Receivable/ Short-Term Floating Interest Rate Payable | Available-for-Sale Securities (Stocks) | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Others Payable | | 5,066 | 3,037 | (34) | 42 | 25 | (0) |
| Total | | | | ¥ (34) | | | $ (0) |

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2014.

(Note) The fair values are calculated using the net present value method.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014.

## Retirement and Pension Plans

### Retirement and Pension Plans for the Fiscal Years Ended March 31, 2015 and 2014

#### 1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Holdings

SuMi TRUST Bank, a consolidated subsidiary of SuMi TRUST Holdings, has defined benefit plans (a corporate pension fund plan and a lump-sum retirement benefit plan). Additionally, a lump-sum retirement benefit plan is offered to contract employees according to internal rules. SuMi TRUST Bank also has a defined contribution pension plan and may provide extra retirement payments to retiring employees in some cases. SuMi TRUST Bank sets up employee retirement benefit trusts as part of its pension plan assets.

Other consolidated subsidiaries have lump-sum retirement benefit plans, defined benefit corporate pension plans, defined contribution pension plans, and plans administered under an employees' pension fund system. Some consolidated subsidiaries also participate in multiple employer pension plan.

Some consolidated subsidiaries adopt the computational shortcut method in calculating liabilities for retirement benefits and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

#### 2. Defined Benefit Plans

(1) Reconciliation of Retirement Benefit Obligations

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Retirement Benefit Obligations (opening balance) | ¥ 369,829 | ¥ 370,946 | $ 3,077 |
| Cumulative Effects of Changes in Accounting Policies | 47,746 | — | 397 |
| Retirement Benefit Obligations (restated opening balance for the current fiscal year) | 417,576 | 370,946 | 3,475 |
| Service Cost-Benefits Earned during the Fiscal Year | 13,479 | 9,649 | 112 |
| Interest Cost on Projected Benefit Obligations | 4,900 | 7,211 | 41 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | (285) | 2,265 | (2) |
| Retirement Benefits Paid | (16,594) | (17,310) | (138) |
| Past Service Cost that Arose during the Fiscal Year | (387) | 298 | (3) |
| Other | (314) | (3,231) | (3) |
| Retirement Benefit Obligations (closing balance) | ¥ 418,374 | ¥ 369,829 | $ 3,481 |

(2) Reconciliation of Plan Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Plan Assets (opening balance) | ¥ 508,671 | ¥ 479,899 | $ 4,233 |
| Expected Return on Plan Assets | 25,472 | 21,681 | 212 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | 69,714 | 14,425 | 580 |
| Contributions by the Employer | 8,553 | 8,270 | 71 |
| Retirement Benefits Paid | (15,483) | (15,606) | (129) |
| Plan Assets (closing balance) | ¥ 596,928 | ¥ 508,671 | $ 4,967 |

(3) Reconciliation between Closing Balances of Retirement Benefit Obligations and Plan Assets, and Liabilities and Assets for Retirement Benefits Recorded in the Consolidated Balance Sheet

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets | ¥ 387,607 | ¥ 342,973 | $ 3,225 |
| Plan Assets | (596,928) | (508,671) | (4,967) |
| | (209,320) | (165,698) | (1,742) |
| Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets | 30,767 | 26,856 | 256 |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (178,553) | ¥ (138,841) | $(1,486) |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Liabilities for Retirement Benefits | ¥ 12,152 | ¥ 11,311 | $ 101 |
| Assets for Retirement Benefits | (190,706) | (150,153) | (1,587) |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (178,553) | ¥ (138,841) | $(1,486) |

(4) Breakdown of Retirement Benefit Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Service Cost-Benefits Earned during the Fiscal Year | ¥ 13,479 | ¥ 9,649 | $ 112 |
| Interest Cost on Projected Benefit Obligations | 4,900 | 7,211 | 41 |
| Expected Return on Plan Assets | (25,472) | (21,681) | (212) |
| Amortization of Actuarial Differences | 6,012 | 5,727 | 50 |
| Amortization of Past Service Cost | 83 | (136) | 1 |
| Other | 1,166 | 1,248 | 10 |
| Retirement Benefit Expenses for Defined Benefit Obligation | ¥ 170 | ¥ 2,019 | $ 1 |

(5) Adjustments for Retirement Benefits

The breakdown of adjustments for retirement benefits (before tax effects) is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Past Service Cost | ¥ 449 | ¥ — | $ 4 |
| Actuarial Differences | 76,013 | — | 632 |
| Total | ¥ 76,462 | ¥ — | $ 636 |

(6) Accumulated Adjustments for Retirement Benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Unrecognized Past Service Cost | ¥ 448 | ¥ 897 | $ 4 |
| Unrecognized Actuarial Differences | (53,521) | 22,491 | (445) |
| Total | ¥ (53,073) | ¥ 23,389 | $ (442) |

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

| | Proportion (%) | |
|---|---|---|
| | **2015** | 2014 |
| Debt Securities | **13** | 19 |
| Equity Securities | **58** | 58 |
| Cash and Due from Banks | **11** | 3 |
| Other | **18** | 20 |
| Total | **100** | 100 |

(Note) The total plan asset includes the retirement benefit trusts set up for a corporate pension plan and a lump-sum retirement benefit plan. They account for 60% and 57% of the total plan asset, for the fiscal years ended March 31, 2015 and 2014, respectively.

2) Expected long-term return on plan assets

In order to determine the expected long-term rate of return on plan assets, SuMi TRUST Holdings considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

(8) Assumptions Used

Major assumptions used for calculating the actuarial gains and losses for the fiscal years ended March 31, 2015 and 2014, are as follows:

| | **2015** | 2014 |
|---|---|---|
| Discount Rate | **Mainly 1.2%** | Mainly 2.0% |
| Expected Long-Term Rate of Return on Plan Assets | **5.0%** | 4.5% |

## 3. Defined-Contribution Pension Plans

Contributions by SuMi TRUST Holdings and its consolidated subsidiaries to the defined contribution pension plans were ¥1,629 million (U.S. $14 million) and ¥1,447 million for the years ended March 31, 2015 and 2014, respectively.

## Stock Option Plans

### SuMi TRUST Holdings

### 1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2015 and 2014

2015: General and Administrative Expenses: ¥200 million (U.S. $2 million)

2014: General and Administrative Expenses: ¥29 million

### 2. Description of Stock Options

(1) Description of Stock Options

| Year Ended March 31, 2015 | SuMi TRUST Holdings<br>Series 1 Subscription Rights to Shares | SuMi TRUST Holdings<br>Series 2 Subscription Rights to Shares |
|---|---|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 22<br>Directors and officers of<br>The Chuo Mitsui Trust and Banking Company, Limited: 19<br>Directors and officers of<br>The Chuo Mitsui Asset Trust and Banking Company, Limited: 7<br>Directors and officers of<br>The Sumitomo Trust and Banking Co., Ltd.: 24<br>Total: 72 | Directors and officers of SuMi TRUST Holdings: 22<br>Directors and officers of SuMi TRUST Bank: 44<br>Total: 66 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 286,000 shares | Common stock: 260,000 shares |
| Grant Date | July 26, 2011 | July 18, 2012 |
| Vesting Conditions | 1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason.<br>2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. | Same as on the left |
| Eligible Service Period | From July 26, 2011, to July 25, 2013 | From July 18, 2012, to July 17, 2014 |
| Exercise Period | From July 26, 2013, to July 25, 2021 | From July 18, 2014, to July 17, 2022 |

| Year Ended March 31, 2015 | SuMi TRUST Holdings<br>Series 3 Subscription Rights to Shares | SuMi TRUST Holdings<br>Series 4 Subscription Rights to Shares |
|---|---|---|
| Number of Eligible Persons and their Position | Directors and officers of SuMi TRUST Holdings: 22<br>Directors and officers of SuMi TRUST Bank: 38<br>Total: 60 | Directors and officers of SuMi TRUST Holdings: 23<br>Directors and officers of SuMi TRUST Bank: 40<br>Total: 63 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 398,000 shares | Common stock: 404,000 shares |
| Grant Date | July 19, 2013 | August 1, 2014 |
| Vesting Conditions | 1) A holder of the subscription rights to shares must be a director or officer of SuMi TRUST Holdings or its subsidiaries when exercising the rights, unless the holder is no longer in such a position because he or she has retired at the end of his or her term or for some other valid reason.<br>2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. | 1) A holder of the subscription rights to shares may exercise the rights the following day or onwards when the holder is no longer in a position of a director or officer of SuMi TRUST Holdings or SuMi TRUST Bank.<br>2) If a holder of subscription rights to shares is deceased and the entirety of the subscription rights to shares is inherited by a single legal heir ("inheritor of the rights"), the subscription rights to shares may be exercised by the inheritor of the rights. If the inheritor of the rights is deceased, heirs of the inheritor of the rights may not inherit the subscription rights to shares. |
| Eligible Service Period | From July 19, 2013, to July 18, 2015 | Not specified |
| Exercise Period | From July 19, 2015, to July 18, 2023 | From August 31, 2014, to July 31, 2044 |

(Note) Converted into the number of equivalent shares.

(2) Volume and Changes in Stock Options

1) Number of stock options

| Year Ended March 31, 2015 | Shares | | | |
|---|---|---|---|---|
| | SuMi TRUST Holdings Series 1 Subscription Rights to Shares | SuMi TRUST Holdings Series 2 Subscription Rights to Shares | SuMi TRUST Holdings Series 3 Subscription Rights to Shares | SuMi TRUST Holdings Series 4 Subscription Rights to Shares |
| Unvested Stock Options | | | | |
| At the Beginning of the Fiscal Year | — | 260,000 | 398,000 | — |
| Granted | — | — | — | 404,000 |
| Forfeited | — | — | — | — |
| Vested | — | 260,000 | — | 404,000 |
| Unvested | — | — | 398,000 | — |
| Vested Stock Options | | | | |
| At the Beginning of Fiscal Year | 262,000 | — | — | — |
| Vested | — | 260,000 | — | 404,000 |
| Exercised | 17,000 | 25,000 | — | — |
| Forfeited | — | — | — | — |
| Unexercised | 245,000 | 235,000 | — | 404,000 |

2) Unit price information

| Year Ended March 31, 2015 | SuMi TRUST Holdings Series 1 Subscription Rights to Shares | SuMi TRUST Holdings Series 2 Subscription Rights to Shares | SuMi TRUST Holdings Series 3 Subscription Rights to Shares | SuMi TRUST Holdings Series 4 Subscription Rights to Shares |
|---|---|---|---|---|
| Exercise Price (yen) | 400 | 400 | 519 | 1 |
| Average Stock Price when Exercised (yen) | 481 | 448 | — | — |
| Fair Unit Value on the Grant Date (yen) | 62 | 34 | 146 | 424 |

### 3. Method for Estimating a Fair Unit Price for Stock Options

The method used to estimate a fair unit price for the SuMi TRUST Holdings Series 4 Subscription Rights to Shares as of the end of the current fiscal year is described below.

(1) Valuation Technique Used: Black-Scholes Model

(2) Principal Parameters and Estimation Method Used

| Year Ended March 31, 2015 | SuMi TRUST Holdings Series 4 Subscription Rights to Shares |
|---|---|
| Stock Price Volatility (Note 1) | 37.7% |
| Expected Life (Note 2) | 2.02 years |
| Dividend Yield (Note 3) | 2.25% |
| Risk-Free Interest Rate (Note 4) | 0.07% |

(Notes)

1) Stock price volatility was calculated based on the closing prices for common stock of SuMi TRUST Holdings on the final trading day of each week during a past consecutive period corresponding to the expected time to exercise.

2) The expected life of the stock option is estimated based on expected tenures of holders of the subscription rights to shares because it is difficult to reasonably estimate the expected life.

3) Dividend yield is based on the actual dividends on common stock paid for the year ended March 31, 2014.

4) The rate represents the Japanese Government Bond yield corresponding to the expected life.

### 4. Method for Estimating the Number of Vested Stock Options

SuMi TRUST Holdings has adopted a method to reflect only the number of stock options that have been actually forfeited, because it is difficult to reasonably estimate the number that will be forfeited in the future.

## Consolidated Subsidiary (Nikko Asset Management Co., Ltd.)

### 1. Expenses Recorded in Connection with Stock Options during the Fiscal Years ended March 31, 2015 and 2014

There were no relevant items.

## 2. Description of Stock Options

(1) Description of Stock Options

| Year Ended March 31, 2015 | Resolution during Fiscal Year 2009 | |
|---|---|---|
| Number of Eligible Persons and their Position | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 271 | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 48 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 19,724,100 shares | Common stock: 1,702,800 shares |
| Grant Date | February 8, 2010 | August 20, 2010 |
| Vesting Conditions | The recipient must, in principle, be an employee, etc., of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. | Same as on the left |
| Eligible Service Period | From the grant date until two full years have passed since the First Exercisable Date | Same as on the left |
| Exercise Period | From January 22, 2012 to January 21, 2020 | Same as on the left |

| | Resolution during the Fiscal Year 2010 | Resolution during the Fiscal Year 2011 |
|---|---|---|
| Number of Eligible Persons and their Position | Employees of Nikko Asset Management Co., Ltd.: 1 | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 186 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 2,310,000 shares | Common stock: 6,101,700 shares |
| Grant Date | August 20, 2010 | October 7, 2011 |
| Vesting Conditions | The recipient must, in principle, be an employee, etc., of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. | The recipient must, in principle, be an employee of Nikko Asset Management Co., Ltd., as of October 7, 2013 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. |
| Eligible Service Period | From the grant date until two full years have passed since the First Exercisable Date | From the grant date until two full years have passed since the First Exercisable Date |
| Exercise Period | From January 22, 2012 to January 21, 2020 | From October 7, 2013 to October 6, 2021 |

(Note) Converted into the number of equivalent shares.

(2) Volume and Changes in Stock Options

1) Number of stock options

| Year Ended March 31, 2015 | Shares | |
|---|---|---|
| | Resolution during Fiscal Year 2009 | |
| Grant Date | February 8, 2010 | August 20, 2010 |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 15,902,700 | 1,567,500 |
| Granted | — | — |
| Forfeited | — | — |
| Vested | — | — |
| At the End of Fiscal Year | 15,902,700 | 1,567,500 |
| Vested Stock Options | | |
| At the Beginning of Fiscal Year | — | — |
| Vested | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| At the End of Fiscal Year | — | — |

| | Shares | |
|---|---|---|
| | Resolution during Fiscal Year 2010 | Resolution during Fiscal Year 2011 |
| Grant Date | August 20, 2010 | October 7, 2011 |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 2,310,000 | 5,388,900 |
| Granted | — | — |
| Forfeited | — | 359,700 |
| Vested | — | — |
| At the End of Fiscal Year | 2,310,000 | 5,029,200 |
| Vested Stock Options | | |
| At the Beginning of Fiscal Year | — | — |
| Vested | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| At the End of Fiscal Year | — | — |

2) Unit price information

| Year Ended March 31, 2015 | Resolution during Fiscal Year 2009 | |
|---|---|---|
| Grant Date | February 8, 2010 | August 20, 2010 |
| Exercise Price | ¥625 | ¥625 |
| Fair Price on the Grant Date (Note 1) | 0 | 0 |

| | Resolution during Fiscal Year 2010 | Resolution during Fiscal Year 2011 |
|---|---|---|
| Grant Date | August 20, 2010 | October 7, 2011 |
| Exercise Price | ¥625 | ¥737 (Note 3) |
| Fair Price on the Grant Date (Note 1) | 0 | 0 |

(Notes)

1) In lieu of fair value per share, the fair price refers to a share price of an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transactional price method and the exercise price).

2) The total amount of intrinsic value of the options was 0 yen as of March 31, 2015.

3) If the IPO price is set as any amount exceeding ¥737, the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

## Income Taxes

### 1. Deferred Tax Assets and Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Year Ended March 31 | 2015 | 2014 | 2015 |
| **Deferred Tax Assets:** | | | |
| Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral) | ¥ 29,674 | ¥ 37,961 | $ 247 |
| Devaluation of Securities | 24,435 | 35,680 | 203 |
| Deferred Gains (Losses) on Hedges | 4,995 | 3,770 | 42 |
| Adjustments for Retirement Benefits | — | 27,759 | — |
| Valuation Difference Due to Share Exchange | 12,345 | 15,728 | 103 |
| Other | 82,603 | 89,891 | 687 |
| Subtotal | 154,055 | 210,791 | 1,282 |
| Valuation Allowance | (35,529) | (61,116) | (296) |
| **Deferred Tax Assets** | ¥ 118,525 | ¥ 149,674 | $ 986 |
| **Deferred Tax Liabilities:** | | | |
| Retirement Benefits | ¥ (8,205) | ¥ (27,455) | $ (68) |
| Valuation Difference on Available-for-Sale Securities | (243,280) | (129,587) | (2,024) |
| Adjustments for Retirement Benefits | (3,268) | — | (27) |
| Valuation Difference Due to Share Exchange | (12,168) | (14,641) | (101) |
| Other | (7,594) | (568) | (63) |
| **Deferred Tax Liabilities** | ¥ (274,516) | ¥ (172,252) | $ (2,284) |
| **Net Deferred Tax Assets (Liabilities)** | ¥ (155,991) | ¥ (22,577) | $ (1,298) |

### 2. Effective Income Tax Rate

| Year Ended March 31 | 2015 | 2014 |
|---|---|---|
| Effective Statutory Tax Rate | 35.64% | —% |
| Adjustments: | | |
| Changes in Valuation Allowance | (10.45) | — |
| Permanent Differences (e.g., Cash Dividends Received) | (1.81) | — |
| Adjustments to Deferred Tax Assets due to Change in Corporate Tax Rates | 2.57 | — |
| Others | (0.07) | — |
| Effective Income Tax Rate | 25.87% | —% |

(Note) Disclosure on adjustments between the effective statutory tax rate and the effective income tax rate is omitted since the difference was 5% or less for the fiscal year ended March 31, 2014.

### 3. Adjustments to Deferred Tax Assets and Liabilities due to Change in Corporate Tax Rates

The Ministry of Finance in Japan released the "Act on Partial Amendment to the Income Tax Act, etc." (Act No. 9 of 2015) and the "Supplementary Provisions of the Act to Amend the Local Taxation Act, etc." (Act No. 2 of 2015) on March 31, 2015, to reduce income taxes effective from fiscal years beginning on and after April 1, 2015. As a result of this act, the effective statutory tax rate for calculating deferred tax assets and liabilities will be reduced from 35.64% to 33.10% and 32.34% on temporary differences that are expected to be realized during the fiscal year beginning on April 1, 2015, and on April 1, 2016, respectively. The effects of this change were to decrease "Deferred Tax Liabilities" (net of Deferred Tax Assets) by ¥18,879 million (U.S. $157 million) and to increase "Valuation Differences on Available-for-Sale Securities" by ¥23,784 million (U.S. $198 million), "Deferred Losses on Hedges" by ¥515 million (U.S. $4 million), "Adjustments for Retirement Benefits" by ¥1,589 million (U.S. $13 million), and "Income Taxes—Deferred" by ¥5,979 million (U.S. $50 million). "Deferred Tax Liabilities for Land Revaluation" decreased by ¥339 million (U.S. $3 million), and "Land Revaluation Excess" increased by the same amount.

## Segment Information

### 1. Reportable Segment Information

SuMi TRUST Group's reportable segments are defined as operating segments for which discrete financial information is available and which is regularly reviewed by the Board of Directors in determining resources to be allocated to the segments and in assessing their business performance.

SuMi TRUST Group comprises SuMi TRUST Bank Group (SuMi TRUST Bank and its consolidated subsidiaries) and other consolidated subsidiaries, and SuMi TRUST Bank Group is treated as a reportable segment. The main activities of the reportable segments are presented below:

SuMi TRUST Bank: Trust banking business

### 2. Method for Calculating Income, Profit or Losses, Assets, Liabilities, and Other Items by Reportable Segment

The accounting policies used for the reportable segments are the same as those presented under "Significant Accounting Policies and Practices," and the amount of segment profit presented for the reportable segments is Income before Income Taxes and Minority Interests.

Prices used for internal transactions among segments are the same as the prices used for transactions with unaffiliated customers.

## 3. Income, Profit or Losses, Assets, Liabilities, and Other Items by Reportable Segment

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Reportable Segment | | Other | Total | Adjustment | Carrying Amount |
| Fiscal Year Ended March 31, 2015 | SuMi TRUST Bank | Total | | | | |
| Income: | | | | | | |
| Unaffiliated Customers | ¥ 1,174,219 | ¥ 1,174,219 | ¥ 38,422 | ¥ 1,212,641 | ¥ (6,108) | ¥ 1,206,532 |
| Intersegment | 12,855 | 12,855 | 83,651 | 96,506 | (96,506) | — |
| Total | ¥ 1,187,074 | ¥ 1,187,074 | ¥ 122,073 | ¥ 1,309,148 | ¥ (102,615) | ¥ 1,206,532 |
| Segment Profit | ¥ 214,819 | ¥ 214,819 | ¥ 61,796 | ¥ 276,615 | ¥ (44,036) | ¥ 232,578 |
| Segment Assets | ¥ 44,070,299 | ¥ 44,070,299 | ¥ 4,260,842 | ¥ 48,331,141 | ¥ (2,095,192) | ¥ 46,235,949 |
| Segment Liabilities | ¥ 41,502,157 | ¥ 41,502,157 | ¥ 2,565,757 | ¥ 44,067,914 | ¥ (548,938) | ¥ 43,518,975 |
| Others | | | | | | |
| Depreciation and Amortization | ¥ 27,420 | ¥ 27,420 | ¥ 6,753 | ¥ 34,174 | ¥ — | ¥ 34,174 |
| Amortization of Goodwill | 8,604 | 8,604 | — | 8,604 | (499) | 8,104 |
| Interest Income | 370,428 | 370,428 | 62,222 | 432,650 | (63,420) | 369,229 |
| Interest Expenses | 127,885 | 127,885 | 5,631 | 133,516 | (7,168) | 126,347 |
| Equity in Earnings of Affiliated Companies | 5,380 | 5,380 | — | 5,380 | — | 5,380 |
| Gains on Disposal of Fixed Assets | 2,978 | 2,978 | — | 2,978 | — | 2,978 |
| Impairment Loss | 5,514 | 5,514 | — | 5,514 | (497) | 5,017 |
| IT System Integration Costs | 55,148 | 55,148 | — | 55,148 | — | 55,148 |
| Unamortized Balance of Goodwill | 89,682 | 89,682 | — | 89,682 | (4,998) | 84,684 |
| Investment in Affiliated Companies Accounted for by the Equity Method | 53,340 | 53,340 | — | 53,340 | — | 53,340 |

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Reportable Segment | | Other | Total | Adjustment | Carrying Amount |
| Fiscal Year Ended March 31, 2014 | SuMi TRUST Bank | Total | | | | |
| Income: | | | | | | |
| Unaffiliated Customers | ¥ 1,167,759 | ¥ 1,167,759 | ¥ 31,472 | ¥ 1,199,232 | ¥ (11,067) | ¥ 1,188,165 |
| Intersegment | 8,958 | 8,958 | 60,070 | 69,028 | (69,028) | — |
| Total | ¥ 1,176,718 | ¥ 1,176,718 | ¥ 91,543 | ¥ 1,268,261 | ¥ (80,096) | ¥ 1,188,165 |
| Segment Profit | ¥ 233,135 | ¥ 233,135 | ¥ 33,793 | ¥ 266,928 | ¥ (20,278) | ¥ 246,650 |
| Segment Assets | ¥ 40,178,429 | ¥ 40,178,429 | ¥ 3,629,345 | ¥ 43,807,775 | ¥ (1,918,361) | ¥ 41,889,413 |
| Segment Liabilities | ¥ 37,899,940 | ¥ 37,899,940 | ¥ 1,807,344 | ¥ 39,707,284 | ¥ (258,913) | ¥ 39,448,370 |
| Others | | | | | | |
| Depreciation and Amortization | ¥ 29,373 | ¥ 29,373 | ¥ 6,935 | ¥ 36,309 | ¥ 3 | ¥ 36,312 |
| Amortization of Goodwill | 9,098 | 9,098 | — | 9,098 | (499) | 8,598 |
| Interest Income | 360,698 | 360,698 | 36,209 | 396,907 | (40,096) | 356,811 |
| Interest Expenses | 134,050 | 134,050 | 6,062 | 140,113 | (10,943) | 129,169 |
| Equity in Earnings of Affiliated Companies | 3,381 | 3,381 | — | 3,381 | — | 3,381 |
| Gains on Disposal of Fixed Assets | 599 | 599 | — | 599 | — | 599 |
| Losses on Disposal of Fixed Assets | 1,656 | 1,656 | 12 | 1,668 | — | 1,668 |
| Impairment Loss | 10,566 | 10,566 | — | 10,566 | (265) | 10,301 |
| Unamortized Balance of Goodwill | 98,168 | 98,168 | — | 98,168 | (5,497) | 92,670 |
| Investment in Affiliated Companies Accounted for by the Equity Method | 44,168 | 44,168 | — | 44,168 | — | 44,168 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| | Reportable Segment | | Other | Total | Adjustment | Carrying Amount |
| Fiscal Year Ended March 31, 2015 | SuMi TRUST Bank | Total | | | | |
| Income: | | | | | | |
| Unaffiliated Customers | $ 9,771 | $ 9,771 | $ 320 | $ 10,090 | $ (51) | $ 10,039 |
| Intersegment | 107 | 107 | 696 | 803 | (803) | — |
| Total | $ 9,877 | $ 9,877 | $ 1,016 | $ 10,893 | $ (854) | $ 10,039 |
| Segment Profit | $ 1,787 | $ 1,787 | $ 514 | $ 2,302 | $ (366) | $ 1,935 |
| Segment Assets | $ 366,702 | $ 366,702 | $ 35,454 | $ 402,156 | $ (17,434) | $ 384,722 |
| Segment Liabilities | $ 345,333 | $ 345,333 | $ 21,349 | $ 366,683 | $ (4,568) | $ 362,115 |
| Others | | | | | | |
| Depreciation and Amortization | $ 228 | $ 228 | $ 56 | $ 284 | $ — | $ 284 |
| Amortization of Goodwill | 72 | 72 | — | 72 | (4) | 67 |
| Interest Income | 3,082 | 3,082 | 518 | 3,600 | (528) | 3,072 |
| Interest Expenses | 1,064 | 1,064 | 47 | 1,111 | (60) | 1,051 |
| Equity in Earnings of Affiliated Companies | 45 | 45 | — | 45 | — | 45 |
| Gains on Disposal of Fixed Assets | 25 | 25 | — | 25 | — | 25 |
| Impairment Loss | 46 | 46 | — | 46 | (4) | 42 |
| IT System Integration Costs | 459 | 459 | — | 459 | — | 459 |
| Unamortized Balance of Goodwill | 746 | 746 | — | 746 | (42) | 705 |
| Investment in Affiliated Companies Accounted for by the Equity Method | 444 | 444 | — | 444 | — | 444 |

(Notes)

1) The figures represent Income in substitution of net sales to be presented by companies in other industries.

2) The figures under SuMi TRUST Bank represent consolidated amounts.

3) "Other" includes SuMi TRUST Holdings and its consolidated subsidiaries other than the SuMi TRUST Bank group companies.

4) The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions and include realized valuation differences arising from business combinations.

5) Segment profits have been adjusted to "Income before Income Taxes and Minority Interests" as presented in the consolidated statements of income.

## Related Information

### 1. Information by Services

| Fiscal Year Ended March 31, 2015 | Millions of Yen | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | ¥ 786,473 | ¥ 226,702 | ¥ 193,357 | ¥ 1,206,532 |

| Fiscal Year Ended March 31, 2014 | Millions of Yen | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | ¥ 755,963 | ¥ 253,034 | ¥ 179,167 | ¥ 1,188,165 |

| Fiscal Year Ended March 31, 2015 | Millions of U.S. Dollars | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | $ 6,544 | $ 1,886 | $ 1,609 | $ 10,039 |

(Notes)

1) The figures represent Income in substitution of net sales to be presented by companies in other industries.

2) "Trust Banking Business" comprises income of SuMi TRUST Bank and JTSB.

### 2. Geographic Information

(1) Income

Income by geographical area for the year ended March 31, 2015, consists of the following:

| Fiscal Year Ended March 31, 2015 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | ¥ 1,050,674 | ¥ 56,765 | ¥ 46,505 | ¥ 52,587 | ¥ 1,206,532 |

| Fiscal Year Ended March 31, 2014 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | ¥ 1,087,716 | ¥ 38,348 | ¥ 20,308 | ¥ 41,791 | ¥ 1,188,165 |

| Fiscal Year Ended March 31, 2015 | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | $ 8,743 | $ 472 | $ 387 | $ 438 | $ 10,039 |

(Notes)

1) The figures represent Income in substitution for net sales to be presented by companies in other industries.

2) Income related to transactions by SuMi TRUST Holdings, its domestic consolidated banking subsidiaries (excluding oversea branches), and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by overseas branches of domestic consolidated banking subsidiaries and foreign consolidated subsidiaries are presented under "Americas," "Europe," or "Asia and Oceania" based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Group's tangible fixed assets on the consolidated balance sheets as of March 31, 2015 and 2014, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

### 3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Group and a significantly large number of SuMi TRUST Group's customers, transactions are not classified by major counterparty; accordingly, information by major customers is not presented.

### Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

### Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

### Information Related to Gain on Negative Goodwill by Reportable Segment

There was no gain on negative goodwill by reportable segment during the fiscal years ended March 31, 2015 and 2014.

### Related-Party Transactions

There were no material transactions to be disclosed for the fiscal years ended March 31, 2015 and 2014.

### Per Share of Common Stock Information

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Net Assets per Share of Common Stock | ¥ 618.63 | ¥ 511.02 | $ 5.15 |
| Net Income per Share of Common Stock | 40.38 | 34.48 | 0.34 |
| Fully-Diluted Net Income per Share of Common Stock | 40.38 | 34.48 | 0.34 |

(Notes)

1) Net assets per share of common stock and basis for calculation are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | As of March 31, 2015 | As of March 31, 2014 | As of March 31, 2015 |
| Net Assets as Reported | ¥ 2,716,973 | ¥ 2,441,043 | $ 22,608 |
| Less: | 327,148 | 446,973 | 2,722 |
| Issue Amount of Shares of Preferred Stock | — | 109,000 | — |
| Dividends on Shares of Preferred Stock | — | 2,305 | — |
| Subscription Rights to Shares | 246 | 47 | 2 |
| Minority Interests | 326,902 | 335,620 | 2,720 |
| Net Assets Attributable to Common Shareholders | 2,389,824 | 1,994,069 | 19,885 |
| The Number of Shares of Common Stock Outstanding (Thousands of Shares) | 3,863,040 | 3,902,126 | 3,863,040 |

2) Net Income per share of common stock and fully-diluted net income per common share and basis for calculation are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | Fiscal Year Ended March 31, 2015 | Fiscal Year Ended March 31, 2014 | Fiscal Year Ended March 31, 2015 |
| Net Income per Share of Common Stock | | | |
| Net Income | ¥ 159,665 | ¥ 137,675 | $ 1,329 |
| Net Income Not Attributable to Common Shareholders | 2,305 | 4,610 | 19 |
| Dividends on Shares of Preferred Stock | 2,305 | 4,610 | 19 |
| Net Income Attributable to Common Shareholders | 157,360 | 133,064 | 1,309 |
| Average Number of Shares of Common Stock Outstanding (Thousands of Shares) | 3,896,562 | 3,858,217 | 3,896,562 |
| Fully-Diluted Net Income per Share of Common Stock | | | |
| Adjustments to Net Income Attributable to Common Shareholders | — | — | — |
| Effect of Dilutive Securities: (Thousands of Shares) | 324 | 90 | 324 |
| Subscription Rights to Shares (Thousands of Shares) | 324 | 90 | 324 |
| Summary of the potential shares that were excluded from calculation of fully-diluted net income per share of common stock because they have no dilutive effect | SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 398,000 Shares<br><br>Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock: 24,809,400 shares | SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 398,000 Shares<br><br>Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): (1) Subscription Rights to Shares (Stock Options) NAM Common Stock: 25,169,100 shares (2) Subscription Rights to Shares (Treasury Stock Options) NAM Common Stock: 2,955,200 shares | SuMi TRUST Holdings: Series 3 Subscription Rights to Shares (Stock Options) SuMi TRUST Holdings Common Stock 398,000 Shares<br><br>Consolidated Subsidiaries (Nikko Asset Management Co., Ltd. (NAM)): Subscription Rights to Shares (Stock Options) NAM Common Stock: 24,809,400 shares |

3) Change in Accounting Policies

As presented in the "Change in Accounting Policies" section, SuMi TRUST Holdings applied the items prescribed in paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance at the end of the fiscal year ended March 31, 2015. SuMi TRUST Holdings adopted the transitional provision in paragraph 37 of the Accounting Standard.

As a result, the net asset per share as of the beginning of the fiscal year ended March 31, 2015, decreased by ¥7.87 (U.S. $0.07). The effects on net income per share of common stock and fully diluted net income per share of common stock are immaterial.

## Significant Subsequent Event

There were no significant subsequent events

Financial Data:

# Independent Auditors' Report

KPMG

**Independent Auditor's Report**

To the Board of Directors of
Sumitomo Mitsui Trust Holdings, Inc.:

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Mitsui Trust Holdings, Inc. and its consolidated subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presentation of Financial Statements" to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2015
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Financial Data:

# Non-Consolidated Balance Sheet (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
As of March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| **Current Assets:** | | | |
| Cash and Due from Banks | ¥ 1,101 | ¥ 2,465 | $ 9 |
| Securities | 78,500 | 103,000 | 653 |
| Prepaid Expenses | 6 | 6 | 0 |
| Income Tax Refunds Receivable | 11,378 | 6,314 | 95 |
| Other Current Assets | 62 | 48 | 1 |
| Total Current Assets | 91,049 | 111,835 | 758 |
| **Non-Current Assets:** | | | |
| Tangible Fixed Assets: | 0 | 0 | 0 |
| Tools, Furniture, and Fixtures (Net) | 0 | 0 | 0 |
| Intangible Fixed Assets: | 1 | 1 | 0 |
| Software | 1 | 1 | 0 |
| Investments and Other Assets: | 1,561,399 | 1,641,199 | 12,992 |
| Investment Securities | 652 | 652 | 5 |
| Investments in Subsidiaries and Affiliated Companies (Stocks) | 1,530,642 | 1,640,442 | 12,736 |
| Long-Term Loans Receivable from Subsidiaries and Affiliated Companies | 30,000 | — | 250 |
| Other Investments | 105 | 105 | 1 |
| Total Non-Current Assets | 1,561,400 | 1,641,201 | 12,992 |
| **Deferred Asset:** | | | |
| Stock Issuance Cost | 1,593 | 2,959 | 13 |
| Total Deferred Asset | 1,593 | 2,959 | 13 |
| **Total Assets** | ¥ 1,654,043 | ¥ 1,755,995 | $ 13,763 |
| **Liabilities:** | | | |
| **Current Liabilities:** | | | |
| Accrued Expenses | ¥ 868 | ¥ 896 | $ 7 |
| Income Taxes Payable | 3 | 3 | 0 |
| Unearned Revenue | 1,507 | 1,507 | 13 |
| Provision for Bonuses | 70 | 76 | 1 |
| Other Current Liabilities | 192 | 120 | 2 |
| Total Current Liabilities | 2,642 | 2,604 | 22 |
| **Non-Current Liabilities:** | | | |
| Bonds Payable | 148,000 | 128,800 | 1,231 |
| Other Non-Current Liabilities | 351 | 1,859 | 3 |
| Total Non-Current Liabilities | 148,351 | 130,659 | 1,234 |
| **Total Liabilities** | ¥ 150,994 | ¥ 133,263 | $ 1,256 |
| **Net Assets:** | | | |
| Total Shareholders' Equity: | ¥ 1,502,802 | ¥ 1,622,684 | $ 12,505 |
| Capital Stock | 261,608 | 261,608 | 2,177 |
| Capital Surplus: | 1,041,473 | 1,150,479 | 8,666 |
| Legal Capital Surplus | 702,933 | 702,933 | 5,849 |
| Other Capital Surplus | 338,539 | 447,545 | 2,817 |
| Retained Earnings: | 216,777 | 211,187 | 1,804 |
| Other Retained Earnings: | 216,777 | 211,187 | 1,804 |
| Retained Earnings Brought Forward | 216,777 | 211,187 | 1,804 |
| Treasury Stock-At Cost | (17,057) | (591) | (142) |
| Subscription Rights to Shares | 246 | 47 | 2 |
| Total Net Assets | ¥ 1,503,048 | ¥ 1,622,731 | $ 12,507 |
| **Total Liabilities and Net Assets** | ¥ 1,654,043 | ¥ 1,755,995 | $ 13,763 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Assets per Share of Common Stock** | ¥ 389.02 | ¥ 387.32 | $ 3.24 |

Financial Data:

# Non-Consolidated Statement of Income (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Operating Income:** | | | |
| Dividends Received from Subsidiaries | ¥ 55,667 | ¥ 29,550 | $ 463 |
| Fees and Commissions Received from Subsidiaries | 4,251 | 4,979 | 35 |
| **Total Operating Income** | 59,918 | 34,530 | 499 |
| **Operating Expenses:** | | | |
| General and Administrative Expenses | 2,368 | 3,062 | 20 |
| **Total Operating Expenses** | 2,368 | 3,062 | 20 |
| **Operating Profit** | 57,550 | 31,467 | 479 |
| **Non-Operating Income:** | 434 | 369 | 4 |
| Interest Income | 148 | 1 | 1 |
| Interest on Securities | 54 | 58 | 0 |
| Commission Fee | 212 | 141 | 2 |
| Other Non-Operating Income | 18 | 168 | 0 |
| **Non-Operating Expenses:** | 6,810 | 7,403 | 57 |
| Interest on Bonds Payable | 4,989 | 5,467 | 42 |
| Amortization of Stock Issuance Cost | 1,365 | 1,138 | 11 |
| Other Non-Operating Expenses | 454 | 797 | 4 |
| **Income before Income Taxes** | 51,174 | 24,433 | 426 |
| **Income Taxes:** | 1 | 1 | 0 |
| Current | 1 | 1 | 0 |
| **Net Income** | ¥ 51,173 | ¥ 24,431 | $ 426 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Income per Share of Common Stock** | ¥ 12.54 | ¥ 5.13 | $ 0.10 |

Financial Data:

# Non-Consolidated Statement of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc.
For the fiscal years ended March 31, 2015 and 2014

From April 1, 2014 to March 31, 2015

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | |
| | | Capital Surplus | | | Retained Earnings | |
| | Capital Stock | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Other Retained Earnings: Retained Earnings Brought Forward | Total Retained Earnings |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 447,545 | ¥1,150,479 | ¥ 211,187 | ¥ 211,187 |
| Changes during the Year | | | | | | |
| Cash Dividends | | | | | (45,582) | (45,582) |
| Net Income | | | | | 51,173 | 51,173 |
| Purchase of Treasury Stock | | | | | | |
| Disposal of Treasury Stock | | | 0 | 0 | | |
| Retirement of Treasury Stock | | | (109,006) | (109,006) | | |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | |
| Total Changes during the Year | — | — | (109,005) | (109,005) | 5,590 | 5,590 |
| Balance at the End of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 338,539 | ¥1,041,473 | ¥ 216,777 | ¥ 216,777 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Shareholders' Equity | | Subscription Rights to Shares | Total Net Assets |
| | Treasury Stock | Total Shareholders' Equity | | |
| Balance at the Beginning of the Year | ¥ (591) | ¥1,622,684 | ¥ 47 | ¥1,622,731 |
| Changes during the Year | | | | |
| Cash Dividends | | (45,582) | | (45,582) |
| Net Income | | 51,173 | | 51,173 |
| Purchase of Treasury Stock | (125,494) | (125,494) | | (125,494) |
| Disposal of Treasury Stock | 22 | 22 | | 22 |
| Retirement of Treasury Stock | 109,006 | — | | — |
| Net Changes of Items Other Than Shareholders' Equity | | | 198 | 198 |
| Total Changes during the Year | (16,465) | (119,881) | 198 | (119,683) |
| Balance at the End of the Year | ¥ (17,057) | ¥1,502,802 | ¥ 246 | ¥1,503,048 |

From April 1, 2013 to March 31, 2014

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | |
| | | Capital Surplus | | | Retained Earnings | |
| | Capital Stock | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Other Retained Earnings: Retained Earnings Brought Forward | Total Retained Earnings |
| Balance at the Beginning of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 446,251 | ¥1,149,185 | ¥ 228,382 | ¥ 228,382 |
| Changes during the Year | | | | | | |
| Cash Dividends | | | | | (41,626) | (41,626) |
| Net Income | | | | | 24,431 | 24,431 |
| Purchase of Treasury Stock | | | | | | |
| Disposal of Treasury Stock | | | 1,293 | 1,293 | | |
| Retirement of Treasury Stock | | | | | | |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | |
| Total Changes during the Year | — | — | 1,293 | 1,293 | (17,195) | (17,195) |
| Balance at the End of the Year | ¥ 261,608 | ¥ 702,933 | ¥ 447,545 | ¥1,150,479 | ¥ 211,187 | ¥ 211,187 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Shareholders' Equity | | Subscription Rights to Shares | Total Net Assets |
| | Treasury Stock | Total Shareholders' Equity | | |
| Balance at the Beginning of the Year | ¥ (93,164) | ¥1,546,012 | ¥ 19 | ¥1,546,032 |
| Changes during the Year | | | | |
| Cash Dividends | | (41,626) | | (41,626) |
| Net Income | | 24,431 | | 24,431 |
| Purchase of Treasury Stock | (110) | (110) | | (110) |
| Disposal of Treasury Stock | 92,683 | 93,976 | | 93,976 |
| Retirement of Treasury Stock | | — | | — |
| Net Changes of Items Other Than Shareholders' Equity | | | 27 | 27 |
| Total Changes during the Year | 92,573 | 76,671 | 27 | 76,699 |
| Balance at the End of the Year | ¥ (591) | ¥1,622,684 | ¥ 47 | ¥1,622,731 |

From April 1, 2014 to March 31, 2015

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | |
| | | Capital Surplus | | | Retained Earnings | |
| | Capital Stock | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Other Retained Earnings: Retained Earnings Brought Forward | Total Retained Earnings |
| Balance at the Beginning of the Year | $ 2,177 | $ 5,849 | $ 3,724 | $ 9,573 | $ 1,757 | $ 1,757 |
| Changes during the Year | | | | | | |
| Cash Dividends | | | | | (379) | (379) |
| Net Income | | | | | 426 | 426 |
| Purchase of Treasury Stock | | | | | | |
| Disposal of Treasury Stock | | | 0 | 0 | | |
| Retirement of Treasury Stock | | | (907) | (907) | | |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | |
| Total Changes during the Year | — | — | (907) | (907) | 47 | 47 |
| Balance at the End of the Year | $ 2,177 | $ 5,849 | $ 2,817 | $ 8,666 | $ 1,804 | $ 1,804 |

| | Millions of U.S. Dollars | | | |
|---|---|---|---|---|
| | Shareholders' Equity | | | |
| | Treasury Stock | Total Shareholders' Equity | Subscription Rights to Shares | Total Net Assets |
| Balance at the Beginning of the Year | $ (5) | $ 13,502 | $ 0 | $ 13,503 |
| Changes during the Year | | | | |
| Cash Dividends | | (379) | | (379) |
| Net Income | | 426 | | 426 |
| Purchase of Treasury Stock | (1,044) | (1,044) | | (1,044) |
| Disposal of Treasury Stock | 0 | 0 | | 0 |
| Retirement of Treasury Stock | 907 | — | | — |
| Net Changes of Items Other Than Shareholders' Equity | | | 2 | 2 |
| Total Changes during the Year | (137) | (998) | 2 | (996) |
| Balance at the End of the Year | $ (142) | $ 12,505 | $ 2 | $ 12,507 |

Financial Data:

# Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Holdings, Inc. and its Consolidated Subsidiaries
As of March 31, 2015 and 2014

| As of March 31 | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Loans and Bills Discounted (Note 2) | ¥ 781,607 | ¥ 541,613 | $ 6,504 |
| Securities (Note 3) | 86,466,833 | 78,962,207 | 719,478 |
| Securities Held for Investment Trust | 38,696,735 | 30,271,970 | 321,990 |
| Foreign Investment for Investment Trust | 21,747,417 | 17,968,460 | 180,957 |
| Beneficiary Rights | 374,301 | 250,467 | 3,115 |
| Securities Held in Custody Accounts | 21,204,446 | 21,532,341 | 176,439 |
| Monetary Claims | 16,633,335 | 15,911,620 | 138,404 |
| Tangible Fixed Assets | 11,575,618 | 10,025,287 | 96,319 |
| Intangible Fixed Assets | 119,569 | 113,341 | 995 |
| Other Claims | 12,392,536 | 10,733,267 | 103,116 |
| Call Loans | 6,878,090 | 5,431,172 | 57,232 |
| Due from Banking Account | 3,983,261 | 2,941,748 | 33,144 |
| Cash and Due from Banks | 3,071,822 | 3,099,765 | 25,560 |
| **Total Assets** | ¥ 223,925,575 | ¥ 197,783,263 | $ 1,863,252 |
| **Liabilities:** | | | |
| Money Trusts (Note 4) | 26,997,307 | 24,274,159 | 224,641 |
| Pension Trusts | 16,916,103 | 16,341,006 | 140,756 |
| Property Formation Benefit Trusts | 18,422 | 20,102 | 153 |
| Loan Trusts (Note 5) | 14,025 | 32,322 | 117 |
| Securities Investment Trusts | 51,756,056 | 43,472,286 | 430,654 |
| Money in Trust Other Than Money Trusts | 9,385,489 | 7,553,796 | 78,095 |
| Securities in Trust | 21,204,414 | 21,506,508 | 176,439 |
| Money Claims in Trust | 11,514,703 | 10,934,451 | 95,812 |
| Movables in Trust | — | 0 | — |
| Real Estate in Trust | 113,826 | 114,418 | 947 |
| Composite Trusts | 86,005,226 | 73,534,211 | 715,637 |
| **Total Liabilities** | ¥ 223,925,575 | ¥ 197,783,263 | $ 1,863,252 |

See Notes to Statements of Trust Account (Unaudited).

Financial Data:

# Notes to Statements of Trust Account (Unaudited)

## 1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Holdings. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Holdings do not reflect SuMi TRUST Holdings' records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2015 and 2014, was ¥1,614,013 million (U.S. $13,430 million) and ¥1,365,323 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥120.18 to U.S. $1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one million U.S. dollars have been rounded down. As a result, the total may not be equal to the sum of individual amounts.

Each amount presented in the statements of trust account as of March 31, 2015 and 2014, is the sum of trust accounts in SuMi TRUST Bank and JTSB. Re-entrust amounts between these consolidated subsidiaries for asset management are excluded from the amounts presented in the statements of trust account.

## 2. Loans and Bills Discounted

Loans as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Loans on Deeds | **¥ 470,902** | ¥ 324,008 | **$ 3,918** |
| Loans on Bills | **310,705** | 217,605 | **2,585** |
| Total | **¥ 781,607** | ¥ 541,613 | **$ 6,504** |

The balances of guaranteed trust account loans as of March 31, 2015 and 2014 stood at ¥67,928 million (U.S. $565 million) and ¥91,276 million respectively, which included the following:

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2015 and 2014, included the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Other Delinquent Loans | **¥ 5,537** | ¥ 24,604 | **$ 46** |
| Restructured Loans | **1,033** | 300 | **9** |
| Total | **¥ 6,570** | ¥ 24,904 | **$ 55** |

## 3. Securities

Securities held as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Government Bonds | ¥ 16,145,876 | ¥ 16,347,357 | $ 134,347 |
| Local Government Bonds | 671,996 | 670,462 | 5,592 |
| Short-Term Corporate Bonds | 1,247,918 | 885,010 | 10,384 |
| Corporate Bonds | 2,398,035 | 2,443,684 | 19,954 |
| Stocks | 44,974,795 | 38,199,254 | 374,229 |
| Other Securities | 21,028,209 | 20,416,437 | 174,973 |
| Total | ¥ 86,466,833 | ¥ 78,962,207 | $ 719,478 |

## 4. Balance of Money Trusts

The principal amount of certain money trusts is guaranteed and the balance of these accounts is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Loans and Bills Discounted | ¥ 67,928 | ¥ 91,276 | $ 565 |
| Securities | 29 | 30 | 0 |
| Other | 1,532,845 | 1,243,731 | 12,755 |
| **Total** | ¥ 1,600,804 | ¥ 1,335,037 | $ 13,320 |
| **Liabilities:** | | | |
| Principal | 1,600,514 | 1,333,794 | 13,318 |
| Allowance for Impairment of Guaranteed Trust Principal | 162 | 76 | 1 |
| Other | 127 | 1,166 | 1 |
| **Total** | ¥ 1,600,804 | ¥ 1,335,037 | $ 13,320 |

In the case of certain money trusts, the principal amount is guaranteed, and as the above table indicates, an allowance for the impairment of guaranteed trust principal is set aside by SuMi TRUST Bank. The figures in the table include funds re-entrusted from other trusts managed by SuMi TRUST Bank.

## 5. Balance of Loan Trusts

The balance of loan trusts is as follows (the figures in the table include funds re-entrusted from other trusts managed by SuMi TRUST Bank):

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Loans and Bills Discounted | ¥ — | ¥ — | $ — |
| Securities | — | — | — |
| Other | 14,025 | 32,322 | 117 |
| **Total** | ¥ 14,025 | ¥ 32,322 | $ 117 |
| **Liabilities:** | | | |
| Principal | 13,498 | 31,528 | 112 |
| Special Reserve Fund | 71 | 249 | 1 |
| Other | 455 | 544 | 4 |
| **Total** | ¥ 14,025 | ¥ 32,322 | $ 117 |

As in certain money trusts, the principal amount of loan trusts is guaranteed, and as the above table indicates, a special reserve fund is set aside by SuMi TRUST Bank.

# Financial Data:

## Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")


| | |
|---|---|
| Five-Year Summary (Unaudited) | 186 |
| Consolidated Balance Sheet | 189 |
| Consolidated Statement of Income | 190 |
| Consolidated Statement of Comprehensive Income | 191 |
| Consolidated Statement of Changes in Net Assets | 192 |
| Consolidated Statement of Cash Flows | 195 |
| Notes to Consolidated Financial Statements | 197 |
| Independent Auditors' Report | 262 |
| Non-Consolidated Balance Sheet (Unaudited) | 263 |
| Non-Consolidated Statement of Income (Unaudited) | 265 |
| Non-Consolidated Statement of Changes in Net Assets (Unaudited) | 267 |
| Statements of Trust Account (Unaudited) | 270 |
| Notes to Statements of Trust Account (Unaudited) | 271 |

Financial Summary:

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| Consolidated Statements of Banking Account | 2015 | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| **Assets:** | | | | | |
| Cash and Due from Banks | ¥ 8,524,067 | ¥ 5,751,322 | ¥ 3,146,709 | ¥ 1,444,264 | ¥ 704,625 |
| Securities | 4,668,534 | 5,629,697 | 6,180,225 | 3,958,195 | 4,616,542 |
| Loans and Bills Discounted | 25,534,790 | 23,689,058 | 22,194,917 | 12,465,163 | 11,794,987 |
| Lease Receivables and Investment Assets | 547,016 | 540,273 | 553,657 | 549,921 | 614,376 |
| Tangible Fixed Assets | 230,589 | 237,265 | 239,855 | 143,236 | 127,563 |
| Intangible Fixed Assets | 142,427 | 195,131 | 191,778 | 158,526 | 164,929 |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | 485,384 | 583,945 | 348,772 | 362,432 |
| Other | 3,981,362 | 3,760,556 | 3,474,779 | 2,482,213 | 2,653,412 |
| Allowance for Loan Losses | (89,989) | (110,260) | (132,938) | (111,787) | (112,773) |
| **Total Assets** | ¥ 44,070,299 | ¥ 40,178,429 | ¥ 36,432,931 | ¥ 21,438,505 | ¥ 20,926,094 |
| **Liabilities:** | | | | | |
| Deposits and Negotiable Certificates of Deposit | 31,706,796 | 29,297,725 | 27,128,224 | 15,972,171 | 14,520,619 |
| Acceptances and Guarantees | 531,500 | 485,384 | 583,945 | 348,772 | 362,432 |
| Other | 9,263,860 | 8,116,830 | 6,450,037 | 3,573,218 | 4,535,947 |
| **Total Liabilities** | ¥ 41,502,157 | ¥ 37,899,940 | ¥ 34,162,206 | ¥ 19,894,162 | ¥ 19,418,999 |
| **Net Assets:** | | | | | |
| Shareholders' Equity | ¥ 1,853,996 | ¥ 1,894,132 | ¥ 1,795,349 | ¥ 1,234,744 | ¥ 1,204,514 |
| Accumulated Other Comprehensive Income | 523,621 | 195,052 | 167,452 | 3,532 | (1,872) |
| Minority Interests | 190,524 | 189,304 | 307,922 | 306,065 | 304,454 |
| **Total Net Assets** | ¥ 2,568,141 | ¥ 2,278,489 | ¥ 2,270,724 | ¥ 1,544,342 | ¥ 1,507,095 |
| **Total Liabilities and Net Assets** | ¥ 44,070,299 | ¥ 40,178,429 | ¥ 36,432,931 | ¥ 21,438,505 | ¥ 20,926,094 |
| **For the Year** | | | | | |
| **Income:** | | | | | |
| Trust Fees | ¥ 99,231 | ¥ 99,222 | ¥ 89,878 | ¥ 47,976 | ¥ 50,906 |
| Interest Income | 370,428 | 360,698 | 345,665 | 220,681 | 236,239 |
| Fees and Commissions | 315,486 | 307,223 | 269,290 | 178,847 | 168,411 |
| Trading Income | 32,428 | 24,604 | 24,350 | 9,267 | 11,559 |
| Other Ordinary Income | 288,197 | 290,148 | 309,615 | 479,020 | 345,057 |
| Other Income | 81,302 | 94,821 | 67,936 | 32,433 | 36,925 |
| **Total Income** | ¥ 1,187,074 | ¥ 1,176,718 | ¥ 1,106,736 | ¥ 968,227 | ¥ 849,099 |
| **Expenses:** | | | | | |
| Interest Expenses | 127,885 | 134,050 | 127,175 | 90,046 | 84,193 |
| Fees and Commissions Payments | 88,012 | 85,742 | 86,975 | 57,004 | 55,280 |
| Trading Expenses | — | 228 | 339 | — | 72 |
| Other Ordinary Expenses | 237,513 | 240,091 | 230,833 | 384,214 | 287,606 |
| General and Administrative Expenses | 386,924 | 385,487 | 366,515 | 236,610 | 231,174 |
| Other Expenses | 131,919 | 97,983 | 93,500 | 68,219 | 84,797 |
| **Total Expenses** | ¥ 972,255 | ¥ 943,582 | ¥ 905,339 | ¥ 836,095 | ¥ 743,124 |
| Income before Income Taxes | ¥ 214,819 | ¥ 233,135 | ¥ 201,397 | ¥ 132,131 | ¥ 105,974 |
| **Net Income** | ¥ 153,203 | ¥ 134,427 | ¥ 125,188 | ¥ 59,068 | ¥ 83,509 |

| | Yen | | | | |
|---|---|---|---|---|---|
| **Per Share of Common Stock:** | | | | | |
| Net Income per Share of Common Stock | ¥ 90.11 | ¥ 77.52 | ¥ 72.00 | ¥ 32.52 | ¥ 47.11 |
| Net Income per Share of Common Stock (Fully Diluted) | | | | | |
| Net Assets per Share of Common Stock | 1,419.86 | 1,181.15 | 1,106.90 | 673.00 | 651.72 |

Financial Summary:

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

| Non-Consolidated Statements of Banking Account | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| **Assets:** | | | | | |
| Cash and Due from Banks | ¥ 8,170,551 | ¥ 5,614,828 | ¥ 2,953,549 | ¥ 1,363,494 | ¥ 580,834 |
| Securities | 5,039,688 | 5,971,283 | 6,531,276 | 4,238,313 | 4,950,002 |
| Loans and Bills Discounted | 25,826,433 | 24,034,244 | 22,349,067 | 12,647,603 | 12,153,693 |
| Tangible Fixed Assets | 196,564 | 203,326 | 205,891 | 130,950 | 115,390 |
| Intangible Fixed Assets | 45,478 | 90,515 | 69,257 | 35,170 | 28,286 |
| Customers' Liabilities for Acceptances and Guarantees | 396,865 | 317,332 | 352,932 | 294,752 | 336,175 |
| Other | 3,096,876 | 2,975,225 | 2,936,060 | 1,986,883 | 2,025,075 |
| Allowance for Loan Losses | (66,997) | (84,089) | (103,069) | (86,784) | (85,559) |
| Allowance for Investment Loss | — | — | — | (1,185) | (1,185) |
| **Total Assets** | ¥ 42,705,462 | ¥ 39,122,664 | ¥ 35,294,966 | ¥ 20,609,199 | ¥ 20,102,714 |
| **Liabilities:** | | | | | |
| Deposits and Negotiable Certificates of Deposit | 31,613,647 | 29,377,152 | 27,108,712 | 15,983,174 | 14,561,027 |
| Acceptances and Guarantees | 396,865 | 317,332 | 352,932 | 294,752 | 336,175 |
| Other | 8,466,415 | 7,397,010 | 5,948,608 | 3,151,363 | 4,057,572 |
| **Total Liabilities** | ¥ 40,476,928 | ¥ 37,091,495 | ¥ 33,410,252 | ¥ 19,429,289 | ¥ 18,954,776 |
| **Net Assets:** | | | | | |
| Shareholders' Equity | ¥ 1,726,208 | ¥ 1,788,176 | ¥ 1,707,817 | ¥ 1,162,428 | ¥ 1,137,308 |
| Valuation and Translation Adjustments | 502,324 | 242,992 | 176,896 | 17,480 | 10,630 |
| **Total Net Assets** | ¥ 2,228,533 | ¥ 2,031,168 | ¥ 1,884,714 | ¥ 1,179,909 | ¥ 1,147,938 |
| **Total Liabilities and Net Assets** | ¥ 42,705,462 | ¥ 39,122,664 | ¥ 35,294,966 | ¥ 20,609,199 | ¥ 20,102,714 |
| | | | | | |
| **For the Year** | | | | | |
| **Income:** | | | | | |
| Trust Fees | ¥ 99,231 | ¥ 99,302 | ¥ 89,984 | ¥ 48,009 | ¥ 50,939 |
| Interest Income | 355,133 | 348,379 | 333,312 | 212,172 | 226,472 |
| Fees and Commissions | 182,915 | 176,725 | 160,927 | 77,389 | 78,251 |
| Trading Income | 32,428 | 24,604 | 24,493 | 9,429 | 11,863 |
| Other Ordinary Income | 70,889 | 47,481 | 64,886 | 64,305 | 38,826 |
| Other Income | 66,637 | 82,170 | 55,219 | 25,549 | 32,096 |
| **Total Income** | ¥ 809,696 | ¥ 778,665 | ¥ 728,823 | ¥ 436,856 | ¥ 438,449 |
| **Expenses:** | | | | | |
| Interest Expenses | 130,707 | 140,470 | 133,802 | 95,589 | 89,627 |
| Fees and Commissions Payments | 72,059 | 72,439 | 75,583 | 34,143 | 34,880 |
| Trading Expenses | — | 228 | 339 | — | 72 |
| Other Ordinary Expenses | 43,605 | 21,815 | 14,261 | 6,813 | 23,666 |
| General and Administrative Expenses | 266,863 | 268,802 | 261,701 | 145,193 | 141,038 |
| Other Expenses | 121,650 | 88,941 | 84,099 | 52,317 | 78,542 |
| **Total Expenses** | ¥ 639,717 | ¥ 592,697 | ¥ 569,788 | ¥ 334,058 | ¥ 367,826 |
| | | | | | |
| Income before Income Taxes | ¥ 169,979 | ¥ 185,967 | ¥ 159,034 | ¥ 102,798 | ¥ 70,622 |
| **Net Income** | ¥ 130,546 | ¥ 116,002 | ¥ 105,160 | ¥ 53,958 | ¥ 73,526 |
| | | | | | |
| **Annual Dividends** | ¥ 55,499 | ¥ 36,886 | ¥ 320,471 | ¥ 29,712 | ¥ 23,443 |

| | Yen | | | | |
|---|---|---|---|---|---|
| **Per Share of Common Stock:** | | | | | |
| Net Income per Share of Common Stock | ¥ 76.58 | ¥ 66.52 | ¥ 60.04 | ¥ 29.46 | ¥ 41.15 |
| Net Income per Share of Common Stock (Fully Diluted) | | | | | |
| Net Assets per Share of Common Stock | 1,330.83 | 1,146.50 | 1,060.26 | 638.14 | 619.05 |

Financial Summary:

# Five-Year Summary (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of and for the fiscal years ended March 31

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| Statements of Trust Account | **2015** | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| **Assets:** | | | | | |
| Securities | **¥ 1,578,475** | ¥ 1,254,913 | ¥ 721,626 | ¥ 382,982 | ¥ 632,625 |
| Loans and Bills Discounted | **781,607** | 541,613 | 468,216 | 292,652 | 333,232 |
| Other | **150,304,875** | 134,998,194 | 125,852,988 | 82,593,409 | 81,214,594 |
| **Total Assets** | **¥ 152,664,958** | ¥ 136,794,720 | ¥ 127,042,831 | ¥ 83,269,043 | ¥ 82,180,452 |
| **Liabilities:** | | | | | |
| Money Trusts | **23,921,609** | 21,632,399 | 20,259,804 | 13,391,736 | 12,950,352 |
| Pension Trusts | **16,916,103** | 16,341,006 | 14,166,680 | 6,122,070 | 6,259,408 |
| Property Formation Benefit Trusts | **18,422** | 20,102 | 20,630 | 8,911 | 8,789 |
| Loan Trusts | **14,025** | 32,322 | 81,727 | — | 19,991 |
| Other Trusts | **111,794,797** | 98,768,890 | 92,513,989 | 63,746,324 | 62,941,910 |
| **Total Liabilities** | **¥ 152,664,958** | ¥ 136,794,720 | ¥ 127,042,831 | ¥ 83,269,043 | ¥ 82,180,452 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| Total Employable Funds (Non-Consolidated) | **2015** | 2014 | 2013 | 2012 | 2011 |
| **As of the Year-End** | | | | | |
| Deposits | **¥ 31,613,647** | ¥ 29,377,152 | ¥ 27,108,712 | ¥ 15,983,174 | ¥ 14,561,027 |
| Money Trusts | **23,921,609** | 21,632,399 | 20,259,804 | 13,391,736 | 12,950,352 |
| Pension Trusts | **16,916,103** | 16,341,006 | 14,166,680 | 6,122,070 | 6,259,408 |
| Property Formation Benefit Trusts | **18,422** | 20,102 | 20,630 | 8,911 | 8,789 |
| Loan Trusts | **14,025** | 32,322 | 81,727 | — | 19,991 |
| **Total Employable Funds*** | **¥ 72,483,808** | ¥ 67,402,982 | ¥ 61,637,555 | ¥ 35,505,893 | ¥ 33,799,569 |

* Total Employable Funds represents the total amount of the Deposits in the Banking Account and funds included under the Money Trusts, Pension Trusts, Property Formation Benefit Trusts and Loan Trusts in the Trust Account.

Financial Data:

# Consolidated Balance Sheet

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
As of March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Cash and Due from Banks | ¥ 8,524,067 | ¥ 5,751,322 | $ 70,928 |
| Call Loans and Bills Bought | 205,075 | 366,552 | 1,706 |
| Receivables under Resale Agreements | 136,188 | 88,069 | 1,133 |
| Receivables under Securities Borrowing Transactions | 310,806 | 289,377 | 2,586 |
| Monetary Claims Bought | 794,838 | 936,435 | 6,614 |
| Trading Assets (Notes 1, 2, and 4) | 754,962 | 537,029 | 6,282 |
| Money Held in Trust | 1,619 | 13,344 | 13 |
| Securities (Notes 2, 4, and 14) | 4,668,534 | 5,629,697 | 38,846 |
| Loans and Bills Discounted (Notes 3, 4, and 5) | 25,534,790 | 23,689,058 | 212,471 |
| Foreign Exchanges | 12,732 | 12,114 | 106 |
| Lease Receivables and Investment Assets (Note 4) | 547,016 | 540,273 | 4,552 |
| Other Assets (Notes 4 and 8) | 1,555,519 | 1,347,796 | 12,943 |
| Tangible Fixed Assets (Note 6) | 230,589 | 237,265 | 1,919 |
| Intangible Fixed Assets (Note 7) | 142,427 | 195,131 | 1,185 |
| Assets for Retirement Benefits | 190,436 | 150,145 | 1,585 |
| Deferred Tax Assets | 19,183 | 19,692 | 160 |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | 485,384 | 4,423 |
| Allowance for Loan Losses | (89,989) | (110,260) | (749) |
| **Total Assets** | ¥ 44,070,299 | ¥ 40,178,429 | $ 366,702 |
| **Liabilities:** | | | |
| Deposits (Notes 4 and 9) | ¥ 25,057,728 | ¥ 24,094,545 | $ 208,502 |
| Negotiable Certificates of Deposit | 6,649,067 | 5,203,179 | 55,326 |
| Call Money and Bills Sold | 787,600 | 200,005 | 6,554 |
| Payables under Repurchase Agreements (Note 4) | 462,942 | 1,291,641 | 3,852 |
| Trading Liabilities (Note 1) | 405,188 | 214,104 | 3,372 |
| Borrowed Money (Notes 4 and 10) | 2,521,994 | 1,905,748 | 20,985 |
| Foreign Exchanges | 140 | 124 | 1 |
| Short-Term Bonds Payable | 974,317 | 904,882 | 8,107 |
| Bonds Payable (Note 11) | 994,607 | 1,055,826 | 8,276 |
| Borrowed Money from Trust Account (Note 12) | 1,644,822 | 1,342,001 | 13,686 |
| Other Liabilities (Note 13) | 1,264,291 | 1,128,130 | 10,520 |
| Provision for Bonuses | 15,762 | 14,894 | 131 |
| Provision for Directors' Bonuses | 230 | 255 | 2 |
| Liabilities for Retirement Benefits | 11,326 | 10,480 | 94 |
| Provision for Reimbursement of Deposits | 3,598 | 3,917 | 30 |
| Provision for Contingent Losses | 8,533 | 8,800 | 71 |
| Deferred Tax Liabilities | 165,182 | 32,062 | 1,374 |
| Deferred Tax Liabilities for Land Revaluation (Note 6) | 3,322 | 3,954 | 28 |
| Acceptances and Guarantees (Note 4) | 531,500 | 485,384 | 4,423 |
| **Total Liabilities** | ¥ 41,502,157 | ¥ 37,899,940 | $ 345,333 |
| **Net Assets:** | | | |
| Total Shareholders' Equity: | ¥ 1,853,996 | ¥ 1,894,132 | $ 15,427 |
| Capital Stock | 342,037 | 342,037 | 2,846 |
| Capital Surplus | 492,252 | 601,259 | 4,096 |
| Retained Earnings | 1,019,706 | 950,835 | 8,485 |
| Total Accumulated Other Comprehensive Income: | 523,621 | 195,052 | 4,357 |
| Valuation Differences on Available-for-Sale Securities | 524,689 | 249,510 | 4,366 |
| Deferred Gains (Losses) on Hedges | (20,545) | (11,151) | (171) |
| Revaluation Reserve for Land (Note 6) | (93) | 1,622 | (1) |
| Foreign Currency Translation Adjustments | 12,838 | 5,228 | 107 |
| Adjustments for Retirement Benefits | 6,732 | (50,156) | 56 |
| Minority Interests | 190,524 | 189,304 | 1,585 |
| **Total Net Assets** | ¥ 2,568,141 | ¥ 2,278,489 | $ 21,369 |
| **Total Liabilities and Net Assets** | ¥ 44,070,299 | ¥ 40,178,429 | $ 366,702 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Assets per Share of Common Stock** | ¥ 1,419.86 | ¥ 1,181.15 | $ 11.81 |

See accompanying notes.
The figures in U.S. dollars are converted from a yen basis for convenience at the rate of ¥120.18 to U.S. $1.00, the exchange rate prevailing as of March 31, 2015.

Financial Data:

# Consolidated Statement of Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Income:** | | | |
| Trust Fees | ¥ 99,231 | ¥ 99,222 | $ 826 |
| Interest Income: | 370,428 | 360,698 | 3,082 |
| Interest on Loans and Discounts | 262,847 | 247,228 | 2,187 |
| Interest and Dividends on Securities | 85,234 | 96,003 | 709 |
| Interest on Call Loans and Bills Bought | 1,496 | 850 | 12 |
| Interest on Receivables under Resale Agreements | 883 | 726 | 7 |
| Interest on Receivables under Securities Borrowing Transactions | 56 | 141 | 0 |
| Interest on Deposits with Banks | 13,975 | 10,397 | 116 |
| Other Interest Income (Note 1) | 5,933 | 5,350 | 49 |
| Fees and Commissions | 315,486 | 307,223 | 2,625 |
| Trading Income (Note 2) | 32,428 | 24,604 | 270 |
| Other Ordinary Income (Note 3) | 288,197 | 290,148 | 2,398 |
| Other Income (Note 4) | 81,302 | 94,821 | 677 |
| **Total Income** | ¥ 1,187,074 | ¥ 1,176,718 | $ 9,877 |
| **Expenses:** | | | |
| Interest Expenses: | ¥ 127,885 | ¥ 134,050 | $ 1,064 |
| Interest on Deposits | 67,540 | 72,730 | 562 |
| Interest on Negotiable Certificates of Deposit | 11,241 | 8,611 | 94 |
| Interest on Call Money and Bills Sold | 1,669 | 1,566 | 14 |
| Interest on Payables under Repurchase Agreements | 1,146 | 1,102 | 10 |
| Interest on Payables under Securities Lending Transactions | 16 | 82 | 0 |
| Interest on Borrowings | 9,406 | 8,669 | 78 |
| Interest on Short-Term Bonds | 1,817 | 1,691 | 15 |
| Interest on Bonds | 19,501 | 19,881 | 162 |
| Other Interest Expenses (Note 1) | 15,545 | 19,714 | 129 |
| Fees and Commissions Payments | 88,012 | 85,742 | 732 |
| Trading Expenses (Note 2) | — | 228 | — |
| Other Ordinary Expenses (Note 3) | 237,513 | 240,091 | 1,976 |
| General and Administrative Expenses (Note 5) | 386,924 | 385,487 | 3,220 |
| Other Expenses (Note 4) | 131,919 | 97,983 | 1,098 |
| **Total Expenses** | ¥ 972,255 | ¥ 943,582 | $ 8,090 |
| **Income before Income Taxes and Minority Interests** | ¥ 214,819 | ¥ 233,135 | $ 1,787 |
| Income Taxes: | 53,856 | 86,978 | 448 |
| Current | 47,311 | 23,581 | 394 |
| Deferred | 6,545 | 63,397 | 54 |
| **Income before Minority Interests** | 160,962 | 146,156 | 1,339 |
| Minority Interests in Income | 7,759 | 11,729 | 65 |
| **Net Income** | ¥ 153,203 | ¥ 134,427 | $ 1,275 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Income per Share of Common Stock** | ¥ 90.11 | ¥ 77.52 | $ 0.75 |

See accompanying notes.

Financial Data:

# Consolidated Statement of Comprehensive Income

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Income before Minority Interests** | **¥ 160,962** | ¥ 146,156 | **$ 1,339** |
| Other Comprehensive Income (Loss): | | | |
| Valuation Differences on Available-for-Sale Securities | **265,943** | 65,781 | **2,213** |
| Deferred Gains (Losses) on Hedges | **(3,719)** | 1,420 | **(31)** |
| Revaluation Reserve for Land | **339** | — | **3** |
| Foreign Currency Translation Adjustments | **6,517** | 10,316 | **54** |
| Adjustments for Retirement Benefits | **56,876** | — | **473** |
| Attributable to Equity-Method Affiliated Companies | **5,071** | 1,745 | **42** |
| **Total Other Comprehensive Income (Loss) (Note 1)** | **331,026** | 79,264 | **2,754** |
| **Comprehensive Income:** | **491,989** | 225,421 | **4,094** |
| Comprehensive Income Attributable to Owners of the Parent | **483,826** | 213,420 | **4,026** |
| Comprehensive Income Attributable to Minority Interests | **8,162** | 12,000 | **68** |

See accompanying notes.

Financial Data:

# Consolidated Statement of Changes in Net Assets

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

From April 1, 2014 to March 31, 2015

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | ¥ 342,037 | ¥ 601,259 | ¥ 950,835 | ¥ — | ¥ 1,894,132 |
| Cumulative Effect of Changes in Accounting Policies | | | (30,887) | | (30,887) |
| Restated Balance | 342,037 | 601,259 | 919,948 | — | 1,863,244 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (55,499) | | (55,499) |
| Net Income | | | 153,203 | | 153,203 |
| Purchase of Treasury Stock | | | | (109,006) | (109,006) |
| Retirement of Treasury Stock | | (109,006) | | 109,006 | — |
| Reversal of Revaluation Reserve for Land | | | 2,054 | | 2,054 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | (109,006) | 99,758 | — | (9,248) |
| Balance at the End of the Year | ¥ 342,037 | ¥ 492,252 | ¥1,019,706 | ¥ — | ¥ 1,853,996 |

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | ¥ 249,510 | ¥ (11,151) | ¥ 1,622 | ¥ 5,228 | ¥ (50,156) | ¥ 195,052 | ¥ 189,304 | ¥ 2,278,489 |
| Cumulative Effect of Changes in Accounting Policies | | | | | — | | | (30,887) |
| Restated Balance | 249,510 | (11,151) | 1,622 | 5,228 | (50,156) | 195,052 | 189,304 | 2,247,601 |
| Changes during the Year | | | | | | | | |
| Cash Dividends | | | | | | | | (55,499) |
| Net Income | | | | | | | | 153,203 |
| Purchase of Treasury Stock | | | | | | | | (109,006) |
| Retirement of Treasury Stock | | | | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | | | | 2,054 |
| Net Changes of Items Other Than Shareholders' Equity | 275,179 | (9,394) | (1,715) | 7,610 | 56,889 | 328,569 | 1,219 | 329,788 |
| Total Changes during the Year | 275,179 | (9,394) | (1,715) | 7,610 | 56,889 | 328,569 | 1,219 | 320,539 |
| Balance at the End of the Year | ¥ 524,689 | ¥ (20,545) | ¥ (93) | ¥ 12,838 | ¥ 6,732 | ¥ 523,621 | ¥ 190,524 | ¥ 2,568,141 |

See accompanying notes.

From April 1, 2013 to March 31, 2014

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Shareholders' Equity | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Total Shareholders' Equity |
| Balance at the Beginning of the Year | ¥ 342,037 | ¥ 608,794 | ¥ 844,517 | ¥ 1,795,349 |
| Changes during the Year | | | | |
| Cash Dividends | | (7,535) | (29,350) | (36,886) |
| Net Income | | | 134,427 | 134,427 |
| Reversal of Revaluation Reserve for Land | | | 1,241 | 1,241 |
| Net Changes of Items Other Than Shareholders' Equity | | | | |
| Total Changes during the Year | — | (7,535) | 106,318 | 98,782 |
| Balance at the End of the Year | ¥ 342,037 | ¥ 601,259 | ¥ 950,835 | ¥ 1,894,132 |

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | ¥ 185,208 | ¥ (14,063) | ¥ 2,864 | ¥ (6,556) | ¥ — | ¥ 167,452 | ¥ 307,922 | ¥ 2,270,724 |
| Changes during the Year | | | | | | | | |
| Cash Dividends | | | | | | | | (36,886) |
| Net Income | | | | | | | | 134,427 |
| Reversal of Revaluation Reserve for Land | | | | | | | | 1,241 |
| Net Changes of Items Other Than Shareholders' Equity | 64,301 | 2,912 | (1,241) | 11,784 | (50,156) | 27,599 | (118,617) | (91,017) |
| Total Changes during the Year | 64,301 | 2,912 | (1,241) | 11,784 | (50,156) | 27,599 | (118,617) | 7,765 |
| Balance at the End of the Year | ¥ 249,510 | ¥ (11,151) | ¥ 1,622 | ¥ 5,228 | ¥ (50,156) | ¥ 195,052 | ¥ 189,304 | ¥ 2,278,489 |

See accompanying notes.

From April 1, 2014 to March 31, 2015

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Shareholders' Equity | | | | |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance at the Beginning of the Year | $ 2,846 | $ 5,003 | $ 7,912 | $ — | $ 15,761 |
| Cumulative Effect of Changes in Accounting Policies | | | (257) | | (257) |
| Restated Balance | 2,846 | 5,003 | 7,655 | — | 15,504 |
| Changes during the Year | | | | | |
| Cash Dividends | | | (462) | | (462) |
| Net Income | | | 1,275 | | 1,275 |
| Purchase of Treasury Stock | | | | (907) | (907) |
| Retirement of Treasury Stock | | (907) | | 907 | — |
| Reversal of Revaluation Reserve for Land | | | 17 | | 17 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | |
| Total Changes during the Year | — | (907) | 830 | — | (77) |
| Balance at the End of the Year | $ 2,846 | $ 4,096 | $ 8,485 | $ — | $ 15,427 |

| | Millions of U.S. Dollars | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Accumulated Other Comprehensive Income | | | | | | | |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Foreign Currency Translation Adjustments | Adjustments for Retirement Benefits | Total Accumulated Other Comprehensive Income | Minority Interests | Total Net Assets |
| Balance at the Beginning of the Year | $ 2,076 | $ (93) | $ 14 | $ 44 | $ (417) | $ 1,623 | $ 1,575 | $ 18,959 |
| Cumulative Effect of Changes in Accounting Policies | | | | | — | | | (257) |
| Restated Balance | 2,076 | (93) | 14 | 44 | (417) | 1,623 | 1,575 | 18,702 |
| Changes during the Year | | | | | | | | |
| Cash Dividends | | | | | | | | (462) |
| Net Income | | | | | | | | 1,275 |
| Purchase of Treasury Stock | | | | | | | | (907) |
| Retirement of Treasury Stock | | | | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | | | | 17 |
| Net Changes of Items Other Than Shareholders' Equity | 2,290 | (78) | (14) | 63 | 473 | 2,734 | 10 | 2,744 |
| Total Changes during the Year | 2,290 | (78) | (14) | 63 | 473 | 2,734 | 10 | 2,667 |
| Balance at the End of the Year | $ 4,366 | $ (171) | $ (1) | $ 107 | $ 56 | $ 4,357 | $ 1,585 | $ 21,369 |

See accompanying notes.

Financial Data:

# Consolidated Statement of Cash Flows

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Net Cash Provided by (Used in) Operating Activities:** | | | |
| Income before Income Taxes and Minority Interests | ¥ 214,819 | ¥ 233,135 | $ 1,787 |
| Depreciation and Amortization | 27,420 | 29,373 | 228 |
| Impairment Losses | 5,514 | 10,566 | 46 |
| Amortization of Goodwill | 8,604 | 9,098 | 72 |
| Equity in Losses (Earnings) of Affiliated Companies | (5,380) | (3,381) | (45) |
| Increase (Decrease) in Allowance for Loan Losses | (20,271) | (22,697) | (169) |
| Increase (Decrease) in Provision for Bonuses | 868 | 885 | 7 |
| Increase (Decrease) in Provision for Directors' Bonuses | (25) | 68 | (0) |
| Decrease (Increase) in Assets for Retirement Benefits | (52,809) | 2,182 | (439) |
| Increase (Decrease) in Liabilities for Retirement Benefits | (74) | (1,431) | (1) |
| Increase (Decrease) in Provision for Reimbursement of Deposits | (319) | (2,289) | (3) |
| Increase (Decrease) in Provision for Contingent Losses | (266) | (919) | (2) |
| Gain on Fund Management | (370,428) | (360,698) | (3,082) |
| Financing Expenses | 127,885 | 134,050 | 1,064 |
| Loss (Gain) Related to Securities | (63,118) | (19,032) | (525) |
| Loss (Gain) on Money Held in Trust | (673) | (883) | (6) |
| Foreign Exchange Losses (Gains) | (217,369) | (129,807) | (1,809) |
| Loss (Gain) on Disposal of Fixed Assets | (441) | 1,057 | (4) |
| Net Decrease (Increase) in Trading Assets | (217,933) | 179,564 | (1,813) |
| Net Increase (Decrease) in Trading Liabilities | 191,084 | (19,029) | 1,590 |
| Net Decrease (Increase) in Loans and Bills Discounted | (1,845,732) | (1,494,140) | (15,358) |
| Net Increase (Decrease) in Deposits | 934,554 | 1,042,208 | 7,776 |
| Net Increase (Decrease) in Negotiable Certificates of Deposit | 1,445,888 | 1,072,662 | 12,031 |
| Net Increase (Decrease) in Borrowed Money (excluding Subordinated Borrowings) | 651,246 | 758,172 | 5,419 |
| Net Decrease (Increase) in Due from Banks (excluding Due from the Bank of Japan) | (992,187) | (223,546) | (8,256) |
| Net Decrease (Increase) in Call Loans | 255,199 | (227,813) | 2,123 |
| Net Decrease (Increase) in Receivables under Securities Borrowing Transactions | (21,429) | (81,883) | (178) |
| Net Increase (Decrease) in Call Money | (241,104) | 717,549 | (2,006) |
| Net Decrease (Increase) in Foreign Exchange—Assets | (618) | 47,456 | (5) |
| Net Increase (Decrease) in Foreign Exchange—Liabilities | 15 | 18 | 0 |
| Net Decrease (Increase) in Lease Receivables and Investment Assets | (6,743) | 13,383 | (56) |
| Net Increase (Decrease) in Short-Term Bonds Payable | 69,434 | (182,085) | 578 |
| Increase (Decrease) in Straight Bonds-Issuance and Redemption | 107,646 | 189,728 | 896 |
| Net Increase (Decrease) in Borrowed Money from Trust Account | 302,820 | 60,963 | 2,520 |
| Proceeds from Fund Management | 373,410 | 357,934 | 3,107 |
| Payments for Finance | (158,675) | (158,787) | (1,320) |
| Other, Net | (2,266) | 15,040 | (19) |
| Subtotal | ¥ 498,546 | ¥ 1,946,673 | $ 4,148 |
| Income Taxes Paid | (29,204) | (22,662) | (243) |
| **Net Cash Provided by (Used in) Operating Activities** | ¥ 469,341 | ¥ 1,924,010 | $ 3,905 |

(Continued)

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Net Cash Provided by (Used in) Investment Activities:** | | | |
| Purchase of Securities | ¥ (6,045,507) | ¥ (5,836,475) | $ (50,304) |
| Proceeds from Sales of Securities | 5,791,367 | 4,014,827 | 48,189 |
| Proceeds from Redemption of Securities | 1,943,558 | 2,577,263 | 16,172 |
| Decrease in Money Held in Trust | 12,000 | 5,650 | 100 |
| Purchase of Tangible Fixed Assets | (13,998) | (13,885) | (116) |
| Proceeds from Sales of Tangible Fixed Assets | 6,177 | 2,655 | 51 |
| Purchase of Intangible Fixed Assets | (28,897) | (40,302) | (240) |
| Proceeds from Sales of Intangible Fixed Assets | 6 | 11 | 0 |
| Purchase of Investments in Subsidiaries with Changes in the Scope of Consolidation | — | (1,638) | — |
| **Net Cash Provided by (Used in) Investment Activities** | ¥ 1,664,706 | ¥ 708,107 | $ 13,852 |
| **Net Cash Provided by (Used in) Financing Activities:** | | | |
| Increase in Subordinated Borrowings | ¥ 30,000 | ¥ — | $ 250 |
| Decrease in Subordinated Borrowings | (65,000) | (20,000) | (541) |
| Payments for Redemption of Subordinated Bonds and Bonds with Subscription Rights to Shares | (182,000) | (124,500) | (1,514) |
| Repayments to Minority Shareholders | — | (120,000) | — |
| Cash Dividends Paid | (55,499) | (36,886) | (462) |
| Cash Dividends Paid to Minority Shareholders | (6,329) | (10,688) | (53) |
| Purchase of Treasury Stock | (109,006) | — | (907) |
| **Net Cash Provided by (Used in) Financing Activities** | ¥ (387,835) | ¥ (312,075) | $ (3,227) |
| Effect of Exchange Rate Change on Cash and Cash Equivalents | ¥ 34,344 | ¥ 61,023 | $ 286 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | ¥ 1,780,557 | ¥ 2,381,066 | $ 14,816 |
| Cash and Cash Equivalents at the Beginning of the Period | ¥ 4,235,050 | ¥ 1,853,984 | $ 35,239 |
| **Cash and Cash Equivalents at the End of the Period (Note 1)** | ¥ 6,015,607 | ¥ 4,235,050 | $ 50,055 |

See accompanying notes.

# Notes to Consolidated Financial Statements



## Basis of Presentation of Financial Statements

The accompanying consolidated financial statements (banking account) have been prepared from the accounts maintained by Sumitomo Mitsui Trust Bank, Limited (SuMi TRUST Bank) and its consolidated subsidiaries (together, "SuMi TRUST Bank Group") in accordance with the accounting principles generally accepted in Japan and certain accounting and disclosure rules under the Financial Instruments and Exchange Act of Japan and the Banking Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, the consolidated financial statements of SuMi TRUST Bank issued in Japan have been reclassified and rearranged in order to present them in a form that is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which SuMi TRUST Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥120.18 to U.S. $1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen have been rounded down and amounts less than one million U.S. dollars have been rounded off. As a result, total balances may not be equal to the sum of individual amounts.

## Significant Accounting Policies and Practices

### 1. Scope of Consolidation

(1) Consolidated Subsidiaries as of March 31, 2015:
65 companies
Principal Companies:
Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
Nikko Asset Management Co., Ltd.
Sumitomo Mitsui Trust Loan & Finance Co., Ltd.
Sumitomo Mitsui Trust Realty Co., Ltd.
Sumitomo Mitsui Trust and Bank (U.S.A.) Limited

Newly established Sumitomo Mitsui Trust Bank (Thai) Public Company Limited was included in the scope of consolidation from the fiscal year ended March 31, 2015.

Asian Islamic Investment Management Sdn. Bhd. became an affiliated company as a result of a decrease in the shareholding ratio due to the sale of shares, and was excluded from the scope of consolidation and accounted for using the equity method from the fiscal year ended March 31, 2015.

STB Omega Investment Limited and two other companies liquidated were excluded from the scope of consolidation from the fiscal year ended March 31, 2015.

(2) Unconsolidated Subsidiaries
Principal Companies:
Hummingbird Co., Ltd.
ASIA GATEWAY I, L.P.

Hummingbird Co., Ltd., and 37 other companies were excluded from the scope of consolidation in accordance with Article 5, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations, because they are operators engaged in leasing activities through silent partnership arrangements and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P., and other unconsolidated subsidiaries are excluded from the scope of consolidation, because they are immaterial to the extent that excluding such companies from consolidation would not prevent a reasonable assessment of the corporate group's financial position and financial results. Such materiality is determined based on the size of their assets, ordinary income, net income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries), and other finance data.

### 2. Application of the Equity Method

(1) Unconsolidated Subsidiaries Accounted for by the Equity Method:
None

(2) Affiliated Companies Accounted for by the Equity Method:
19 companies
Principal Companies:
Japan Stockholders Data Service Company, Limited
SBI Sumishin Net Bank, Ltd.

Changes in the affiliated companies accounted for by the equity method during the fiscal year ended March 31, 2015, are as follows:

Affin Fund Management Berhad and one other company were included in the scope of application of the equity method from the fiscal year ended March 31, 2015 due mainly to the acquisition of their shares.

Asian Islamic Investment Management Sdn. Bhd., which was a consolidated subsidiary, became an affiliated company as a result of a decrease in the shareholding ratio due to the sale of shares, and was included in the scope of the application of the equity method from the fiscal year ended March 31, 2015.

NewSmith LLP and 11 other companies were excluded from the scope of the application of the equity method from the current fiscal year as their materiality has decreased.

(3) Unconsolidated Subsidiaries and Affiliated Companies that are not Accounted for by the Equity Method
Principal Companies:
Hummingbird Co., Ltd.
Asia Gateway I, L.P.

Hummingbird Co., Ltd., and 37 other companies are excluded from the scope of application of the equity method in accordance with Article 10, Paragraph 1, Item 2 of the Consolidated Financial Statements Regulations because they are operators engaged in leasing activities through silent partnership arrangements, and their assets and profits/losses do not belong to the subsidiaries.

ASIA GATEWAY I, L.P. and other unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method are excluded from the scope of application of the equity method because such exclusion would not materially affect the consolidated financial statements. Such materiality is determined based on the size of their net income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), retained earnings (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), accumulated other comprehensive income (amount corresponding to SuMi TRUST Bank's interest in subsidiaries and affiliated companies), and other financial data.

## 3. Balance Sheet Dates of the Consolidated Subsidiaries

(1) Balance sheet dates of consolidated subsidiaries are as follows:

| | |
|---|---|
| April 30: | 2 companies |
| June 30: | 1 company |
| August 31: | 1 company |
| September 30: | 6 companies |
| November 30: | 1 company |
| December 31: | 11 companies |
| January 31: | 2 companies |
| March 31: | 41 companies |

(2) Subsidiaries are consolidated using the financial statements as of the following dates:

- Consolidated subsidiaries with a balance sheet date of April 30: Provisionally prepared financial statements as of January 31
- A consolidated subsidiary with a balance sheet date of June 30: Provisionally prepared financial statements as of December 31
- A consolidated subsidiary with a balance sheet date of August 31: Provisionally prepared financial statements as of February 28
- Consolidated subsidiaries with a balance sheet date of September 30: Provisionally prepared financial statements as of March 31
- A consolidated subsidiary with a balance sheet date of November 30: Provisionally prepared financial statements as of February 28
- The other consolidated subsidiaries: Financial statements as of their respective balance sheet dates.

Material transactions arising between the consolidated balance sheet date, March 31, 2015, and the above balance sheet dates of subsidiaries have been reflected in the consolidated financial statements.

## 4. Significant Accounting Policies

(1) Trading Assets/Liabilities and Income/Expenses

Trading account activities are conducted to seek profits by taking advantage of short-term fluctuations in interest rates, currency rates, financial markets or other indicators, or inter-

market differences (for trading purposes). The fluctuations in such items are presented as "Trading Assets" or "Trading Liabilities" in the consolidated balance sheets on a trade-date basis, and gains and losses from such transactions are presented as "Trading Income" or "Trading Expenses" in the consolidated statements of income.

For the measurement of trading assets and trading liabilities, securities and monetary claims are stated at their fair values as of the consolidated balance sheet date, and trading-related financial derivatives, such as swaps, futures, and options, are stated at the amounts that would be settled if they were terminated on the consolidated balance sheet date.

Trading income and trading expenses include interest income or expenses, adjusting valuation differences of securities and monetary claims during the fiscal year and differences in resulting gains or losses from the settlement of financial derivatives assuming that the settlement was made in cash as of March 31, 2014 and 2015.

(2) Securities

(a) Under the accounting standards for financial instruments in Japan, SuMi TRUST Bank is required to determine the purposes of holding each security and classify such security into (i) securities held for trading purposes ("Trading Securities"), (ii) debt securities intended to be held to maturity ("Held-to-Maturity Debt Securities"), (iii) equity securities issued by subsidiaries and affiliated companies, or (iv) all other securities that are not classified in any of the above categories ("Available-for-Sale Securities"). "Held-to-Maturity Debt Securities" are carried at amortized cost using the moving-average method (the straight-line method). Equity securities issued by unconsolidated subsidiaries and affiliated companies not accounted for by the equity method are stated at moving-average cost. Japanese stocks classified as "Available-for-Sale Securities" are valued at the average market price during the final month of the fiscal year (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" other than Japanese stocks are, in principle, valued at the market price at the balance sheet date (cost of securities sold is calculated using primarily the moving-average method). "Available-for-Sale Securities" for which their fair values are extremely difficult to determined are carried at cost using the moving-average method. Valuation differences on "Available-for-Sale Securities" are recorded as a separate component of net assets and reported in the consolidated balance sheets.

(b) Securities that are held as trust assets in money held in trust are classified and accounted for in the same manner as securities described above.

(3) Financial Derivatives

Financial derivatives, excluding those for trading purposes, are stated at fair value.

(4) Depreciation and Amortization Methods

(a) Tangible fixed assets other than lease assets

Tangible fixed assets of SuMi TRUST Bank are depreciated using the declining-balance method, except for the buildings acquired on or after April 1, 1998, which are depreciated using the straight-line method.

Useful lives of major asset categories:

Buildings: 3 to 60 years

Others: 2 to 20 years

At consolidated subsidiaries, tangible fixed assets are depreciated mainly using the straight-line method over the estimated useful lives of the assets.

(b) Intangible fixed assets other than lease assets

Intangible fixed assets are amortized using the straight-line method. Software for internal use is amortized over the useful life specified by SuMi TRUST Bank or the consolidated subsidiaries, generally five years.

(c) Lease assets

The lease assets under "Tangible Fixed Assets" and "Intangible Fixed Assets" that are related to finance leases that do not transfer ownership of the lease assets to lessees are depreciated using the straight-line method over the lease term, assuming a residual value of zero.

(5) Allowance for Loan Losses

SuMi TRUST Bank records allowance for loan losses in accordance with internally established criteria for write-offs and allowance for loan losses.

For claims against borrowers that have initiated special liquidation proceedings or other bankruptcy proceedings ("legal bankruptcy") and against borrowers that are in substantially similar adverse condition ("virtual bankruptcy"), the allowance is provided based on the amount of claims,

after the write-off stated below, net of the expected amount of recoveries from collateral and guarantees. For claims against borrowers that have not yet initiated bankruptcy proceedings, but are very likely to become bankrupt in the future ("possible bankruptcy"), an allowance is provided for the amount deemed necessary based on the overall assessment of the borrowers' solvency, after deducting the amount expected to be collected through the disposal of collateral or execution of guarantees from the claims.

For claims against large borrowers with certain credit risks and credit amounts that are classified as possible bankruptcy borrowers, restructured loan borrowers, or close-observation borrowers, if future cash flows from collection of the principal and interest can be reasonably estimated, the allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate prior to the loan restructuring and the carrying amount of the claim (the "estimated cash flow method").

For claims that are classified as other than those above, the allowance is provided based on the historical loan-loss ratios during a certain period.

All claims are assessed at branches and credit supervision departments based on the criteria for self-assessment of asset quality. The Risk Management Department, which is independent from the operating sections, monitors the results of such assessments.

As for the other consolidated subsidiaries, the allowance for loan losses for general claims is provided based on the historical loan-loss ratios, and the allowance for loan losses for specific claims, such as possible uncollectible claims, is provided based on the estimate of unrecoverable amount for each claim.

For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims. The deducted amount was ¥18,321 million (U.S. $152 million) and ¥25,820 million for the fiscal years ended March 31, 2015 and 2014, respectively.

(6) Provision for Bonuses

A provision for bonuses is provided for the estimated employee bonuses attributable to the current fiscal year.

(7) Provision for Directors' Bonuses

A provision for directors' bonuses is provided for the estimated directors' bonuses attributable to the current fiscal year.

(8) Provision for Reimbursement of Deposits in Dormant Accounts

At SuMi TRUST Bank, a provision for reimbursement of deposits in dormant accounts is provided for the deposits that were derecognized as liabilities under certain conditions. Such provision is provided against the estimated future reimbursement to be requested by customers based on the past reimbursement record.

(9) Provision for Contingent Losses

A provision for contingent losses is provided for contingent losses associated with trust transactions in the amount deemed necessary based on the estimated possible future losses.

(10) Accounting for Retirement Benefits

In determining the retirement benefit obligations, SuMi TRUST Bank and some consolidated subsidiaries apply the method to attribute projected benefits to the periods up to the year ended March 31, 2015, under the plan's benefit formula.

Past service cost and actuarial gains or losses are expensed using the following methods:

Past service cost: Past service cost is recognized using the straight-line method, primarily over 10 years within the employees' average remaining service period at incurrence.

Actuarial gains or losses: Actuarial differences are expensed using the straight-line method, primarily over 8 to 10 years within the employees' average remaining service period, commencing from the next fiscal year of incurrence.

Some consolidated subsidiaries adopt the computational shortcut method in calculating projected benefit obligations for lump-sum retirement benefit plans, recording liabilities at amounts to be required for voluntary termination at the year-end.

(11) Foreign Currency Translation

Assets and liabilities of SuMi TRUST Bank that are denominated in foreign currencies and overseas branch accounts are generally translated into yen at the exchange rates prevailing at the consolidated balance sheet date, except for shares of stocks in affiliated companies translated into yen at the exchange rates prevailing at the acquisition dates. Assets and liabilities of consolidated subsidiaries that are denominated in foreign currencies are translated into yen at the exchange rates prevailing at their respective balance sheet dates.

(12) Accounting for Leases

As for the consolidated subsidiaries in Japan, income and expenses arising from transactions of finance leases that do not transfer ownerships to lessees are recognized as sales and costs of goods sold when lease payments are collected.

(13) Hedge Accounting

(a) Interest-related risk hedge

SuMi TRUST Bank manages interest rate risk arising from various assets and liabilities by using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Auditing Committee Report No. 24, "Report No. 24"). To evaluate the effectiveness of hedges designed to offset market fluctuations, hedged items, such as deposits, loans and bills discounted, and hedging instruments, such as interest rate swaps, are grouped by duration to maturity. The effectiveness of hedges designed to fix cash flow is evaluated by verifying the correlation between the interest volatility factors for the hedged items and those for the hedging instruments.

In accordance with "Temporary Treatment for Accounting and Auditing concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 15), SuMi TRUST Bank has adopted "Macro Hedge Accounting" to account for certain interest-related derivatives, which are utilized to manage interest rate risk arising from transactions, such as loans and bills discounted, and deposits. Deferred gains (losses) on hedges in the consolidated balance sheets as of the end of the current fiscal year that have resulted from existing "Macro Hedge Accounting" are amortized over the remaining period designated under "Macro Hedge Accounting" for each hedging transaction. Deferred losses on hedges associated with "Macro Hedge Accounting" were ¥336 million (U.S. $3 million) and ¥471 million (before tax effect) as of March 31, 2015 and 2014, respectively.

(b) Currency-related risk hedge

SuMi TRUST Bank manages the foreign exchange risk arising from various assets and liabilities denominated in foreign currencies by using financial derivatives transactions. Such transactions are generally treated as deferred hedges as specified in "Treatment for Accounting and Auditing of Application of Accounting Standard for Foreign Currency Transactions in Banking Industry" (JICPA Industry Auditing Committee Report No. 25, "Report No. 25").

The effectiveness of hedging instruments, such as cross-currency swaps and foreign exchange swaps, as a means of mitigating the foreign exchange risk arising from monetary claims and debts denominated in foreign currencies, is evaluated by verifying that the foreign currency positions of such hedging instruments are in amounts equivalent to the corresponding monetary claims and debts denominated in foreign currencies, which are the hedged items.

Additionally, transactions intended to hedge the foreign exchange risk associated with foreign-denominated securities (other than bonds) are treated as portfolio hedges. Fair value hedge accounting has been adopted to account for such transactions on the conditions that specific foreign-denominated securities are designated in advance as hedged items and that forward obligations exist in excess of the acquisition cost of such foreign-denominated securities on a foreign currency basis.

The foreign exchange risk associated with investment in foreign subsidiaries is individually hedged using forward exchange contracts denominated in the same currency, and any differences arising from translating the hedging instruments are included in "Foreign Currency Translation Adjustments."

(c) Stock-related risk hedge

SuMi TRUST Bank manages the risk of fluctuations in underlying stock prices of some "available-for-sale securities" by using financial derivatives transactions. Such transactions are generally treated as fair value hedges and the effectiveness of those hedges is evaluated individually using a ratio analysis, i.e., a comparison of the changes in the fair values between the hedged item and the corresponding hedging instrument.

(d) Internal hedge transactions and others

Among derivatives transactions of SuMi TRUST Bank that take place between consolidated subsidiaries or designated trading accounts and some other accounts, those interest rate swaps and cross-currency swaps designated as hedging instruments are carried out in accordance with standards for cover deals with external parties, which eliminate discretion and enable strict management on hedges pursuant to Report No. 24 and Report No. 25. Accordingly, income or expenses arising from such interest rate swaps and cross-currency swaps are recognized as profits or losses, or deferred, rather than eliminated.

Deferred hedge accounting has been adopted for certain assets and liabilities by individual transactions.

Other consolidated subsidiaries account for such transactions as deferred hedges, fair value hedges, or exceptional treatment for interest rate swaps by individual transactions.

(14) Amortization of Goodwill

Goodwill is amortized over a period within 20 years that is reasonably determined for each case. Goodwill deemed immaterial, however, is expensed as incurred.

(15) Scope of Cash and Cash Equivalents in the Consolidated Statements of Cash Flows

For SuMi TRUST Bank, the balance of "Cash and Cash Equivalents" in the consolidated statements of cash flows is equivalent to the balance of cash and due from the Bank of Japan under "Cash and Due from Banks" presented in the consolidated balance sheets. For the consolidated subsidiaries, the balance of "Cash and Cash Equivalents" in the consolidated statements of cash flows is equivalent to the balance of "Cash and Due from Banks" presented in the consolidated balance sheets.

(16) National and Local Consumption Taxes

National and local consumption taxes ("consumption taxes") payable by SuMi TRUST Bank and its consolidated subsidiaries in Japan are accounted for by the tax-excluded method. However, any nondeductible consumption taxes associated with asset purchases are recorded as expenses in the current fiscal year.

## Change in Accounting Policies

### (Application of Accounting Standard and Related Guidance for Retirement Benefits)

SuMi TRUST Group applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012) (the "Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of March 26, 2015) (the "Guidance") from the fiscal year ended March 31, 2015, specifically items prescribed in paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance. In accordance with the Accounting Standard and the Guidance, SuMi TRUST Group reviewed the calculation methods for retirement benefit obligation and service cost, and revised the methods to attribute retirement benefits to periods of service under the plan's benefit formula for both SuMi TRUST Bank and some consolidated subsidiaries. Previously, SuMi TRUST Bank applied a point basis and the consolidated subsidiaries applied a straight-line basis. In addition, SuMi TRUST Bank and other consolidated subsidiaries changed the method of determining the discount rate to a method that applies a single weighted-average discount rate reflecting the estimated amount of benefit payment periods, in principle.

For the application of the Accounting Standard and the Guidance, SuMi TRUST Bank adopted the transitional provision in paragraph 37 of the Accounting Standard, recording the amounts of the change in the calculation methods for retirement benefit obligation and service cost by adjusting "Retained Earnings" at the beginning of the current fiscal year.

As a result, "Assets for Retirement Benefits" decreased by ¥46,709 million (U.S. $389 million), "Liabilities for Retirement Benefits" increased by ¥1,282 million (U.S. $11 million), and "Retained Earnings" decreased by ¥30,887 million (U.S. $257 million) as of the beginning of the current fiscal year.

The effect on "Income before Income Taxes and Minority Interests" for the current fiscal year is immaterial. The effects on per share information are stated in the "Per Share of Common Stock Information" section.

## New Accounting Standards Not Yet Applied

### The Accounting Standard and the Guidance for Business Combinations (September 13, 2013)

(1) Overview

The Accounting Standard and the Guidance for Business Combinations was amended mainly focusing on the following:

1) treatment of changes in the parent company's ownership interests in its subsidiary when the parent company continues to have control upon further acquisition of shares of its subsidiary;
2) treatments for acquisition-related costs;
3) provisional accounting treatment; and
4) presentation of net income, and the change in wording from "minority interests" to "non-controlling interests."

(2) Planned Effective Dates

SuMi TRUST Bank plans to apply the amendments to the Accounting Standard and the Guidance for Business Combinations at the beginning of the fiscal year started April 1, 2015.

(3) Effects of Application of the Accounting Standards and the Guidance

SuMi TRUST Bank is in the process of evaluating impacts of the Accounting Standard and the Guidance on its consolidated financial statements.

## Notes to the Consolidated Balance Sheet

### 1. Trading Assets and Trading Liabilities

(1) Trading assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities in Trading Account | ¥ 15,731 | ¥ 20,283 | $ 131 |
| Derivatives of Trading Securities | 12 | 34 | 0 |
| Derivatives of Securities Related to Trading Transactions | 132 | 7 | 1 |
| Trading-Related Financial Derivatives | 543,304 | 329,825 | 4,521 |
| Other Trading Assets | 195,781 | 186,879 | 1,629 |
| Total | ¥ 754,962 | ¥ 537,029 | $ 6,282 |

(2) Trading liabilities as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Derivatives of Trading Securities | ¥ 92 | ¥ 22 | $ 1 |
| Derivatives of Securities Related to Trading Transactions | — | 9 | — |
| Trading-Related Financial Derivatives | 405,096 | 214,072 | 3,371 |
| Total | ¥ 405,188 | ¥ 214,104 | $ 3,372 |

## 2. Securities

Securities held as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Government Bonds | ¥ 925,460 | ¥ 1,533,759 | $ 7,701 |
| Local Government Bonds | 4,146 | 15,665 | 34 |
| Corporate Bonds | 571,264 | 598,031 | 4,753 |
| Stocks | 1,586,261 | 1,248,216 | 13,199 |
| Other Securities | 1,581,402 | 2,234,024 | 13,159 |
| Total | ¥ 4,668,534 | ¥ 5,629,697 | $ 38,846 |

"Securities" include stocks and equity investments in unconsolidated subsidiaries and affiliates.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Stocks | ¥ 53,504 | ¥ 42,401 | $ 445 |
| Equity Investments | 43,617 | 52,064 | 363 |

Unsecured securities borrowed under loan agreements and securities purchased under resale agreements and borrowing transactions with cash collateral that SuMi TRUST Bank is permitted to sell or repledge.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities that are Further Loaned | ¥ 833,872 | ¥ 282,361 | $ 6,939 |
| Securities Held without Selling or Repledging as of the End of the Fiscal Year | — | 99 | — |

## 3. Loans and Bills Discounted

Loans and bills discounted as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Bills Discounted | ¥ 2,811 | ¥ 3,580 | $ 23 |
| Loans on Bills | 293,219 | 282,224 | 2,440 |
| Loans on Deeds | 23,276,199 | 20,984,206 | 193,678 |
| Overdrafts | 1,962,559 | 2,419,046 | 16,330 |
| Total | ¥ 25,534,790 | ¥ 23,689,058 | $ 212,471 |

Bills discounted are treated as financial transactions in accordance with Report No. 24. SuMi TRUST Bank has a right to freely sell or (re)pledge such commercial bills. The total face value of these bills amounted to ¥2,811 million (U.S. $23 million) and ¥3,580 million as of March 31, 2015 and 2014, respectively.

Under SuMi TRUST Bank's Self-Assessment Rules, SuMi TRUST Group classifies loans as "Delinquent Loans" if borrowers are virtually bankrupt or potentially bankrupt. For claims against borrowers who are legally bankrupt or virtually bankrupt with collateral or guarantees, claims against borrowers in legal or virtual bankruptcy, net of amounts expected to be collected through the disposal of collateral or through the execution of guarantees, are directly deducted from the original amount of claims.

Loans and bills discounted as of March 31, 2015 and 2014, included the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Loans in Bankruptcy Proceedings | ¥ 3,655 | ¥ 2,693 | $ 30 |
| Other Delinquent Loans | 102,608 | 104,768 | 854 |
| Loans Past Due Three Months or More | 54 | — | 0 |
| Restructured Loans | 81,365 | 133,830 | 677 |
| Total | ¥ 187,684 | ¥ 241,293 | $ 1,562 |

Loans in bankruptcy proceedings are loans whose interest receivable is not recorded due to delinquency in principal or interest payments for a significant period or other reasons excluding loans that have been written off ("nonaccrual loans"), due to the reasons as prescribed in Paragraph 1, Items 3 and 4 of Article 96 of "Enforcement Ordinance for the Corporation Tax Act" (Cabinet Order No. 97 of 1965).

Other delinquent loans are nonaccrual loans other than (i) loans in bankruptcy proceedings and (ii) loans for which the terms of interest payments have been extended in connection with the borrower's business restructuring or to otherwise provide support.

Loans past due three months or more are those loans for which principal or interest payments are more than three months past due (calculated from the day following the contractual payment date), excluding loans classified as loans in bankruptcy proceedings or other delinquent loans.

Restructured loans are those loans whose terms have been modified by reducing or waiving interest, granting interest payment extensions, granting principal repayment extensions, forgiving debt, or otherwise providing some arrangements favorable to the borrower in connection with the borrower's business restructuring or to otherwise provide support, excluding those loans classified as loans in bankruptcy proceedings, other delinquent loans, or loans past due three months or more.

## 4. Assets Pledged

Assets pledged as collateral as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets Pledged as Collateral:** | | | |
| Trading Assets | ¥ 103,989 | ¥ 112,985 | $ 865 |
| Securities | 543,104 | 1,349,048 | 4,519 |
| Loans and Bills Discounted | 1,491,041 | 1,301,641 | 12,407 |
| Lease Receivables and Investment Assets | 12,240 | 12,254 | 102 |
| Other Assets | 95 | 133,553 | 1 |
| Total | ¥ 2,150,471 | ¥ 2,909,482 | $ 17,894 |
| **Corresponding Liabilities to Assets Pledged as Collateral:** | | | |
| Deposits | ¥ 36,363 | ¥ 8,057 | $ 303 |
| Payables under Repurchase Agreements | 174,368 | 1,016,833 | 1,451 |
| Borrowed Money | 1,247,994 | 745,260 | 10,384 |
| Acceptances and Guarantees | 12,274 | 34,863 | 102 |
| Total | ¥ 1,471,000 | ¥ 1,805,014 | $ 12,240 |

In addition to the foregoing, the following assets have been pledged as collateral for settlement of exchange and others, or as a substitution of margin of futures and others.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Securities | ¥ 579,398 | ¥ 494,714 | $ 4,821 |

"Other Assets" include initial margins of futures, security deposits, and cash collateral paid for financial instruments. Such amounts are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Initial Margins of Futures | ¥ 5,043 | ¥ 7,676 | $ 42 |
| Security Deposits | 20,198 | 21,259 | 168 |
| Cash Collateral Paid for Financial Instruments | 666,949 | 418,015 | 5,550 |

## 5. Overdraft Facility Agreements and Commitment Lines of Credit

Overdraft facility agreements and committed lines of credit are agreements to extend a certain amount of credit at the customer's request as long as the terms of the agreement have not been violated. The amounts of unused credit under such agreements were ¥11,407,741 million (U.S. $94,922 million) and ¥10,646,113 million, of which ¥7,793,652 million (U.S. $64,850 million) and ¥7,908,348 million were attributable to agreements expiring within one year or which may be unconditionally canceled at any time, as of March 31, 2015 and 2014, respectively.

The balance of unused credit will not necessarily affect the future cash flows of SuMi TRUST Bank and its consolidated subsidiaries because most of these agreements expire without credit being extended. Most of these agreements contain clauses allowing SuMi TRUST Bank and its consolidated subsidiaries to reject requests for credit outright or reduce the credit limits due to changed financial circumstances, the need to preserve claims, or other reasonable causes. Besides requesting collateral, such as real estate or securities, as necessary at the time of entering into the agreement, SuMi TRUST Group has also adopted other measures to keep its credit sound, such as periodically assessing the condition of customers' businesses following the internal procedures and revising agreements, as necessary.

## 6. Tangible Fixed Assets

Tangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Land | ¥ 132,641 | ¥ 136,846 | $ 1,104 |
| Buildings | 71,203 | 73,522 | 592 |
| Lease Assets | 1,922 | 1,561 | 16 |
| Construction in Progress | 2,160 | 1,219 | 18 |
| Other | 22,661 | 24,115 | 189 |
| Total | ¥ 230,589 | ¥ 237,265 | $ 1,919 |

Accumulated depreciation amounted to ¥183,055 million (U.S. $1,523 million) and ¥198,361 million, and advanced depreciation amounted to ¥33,694 million (U.S. $280 million) and ¥33,860 million as of March 31, 2015 and 2014, respectively.

In accordance with the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998), land for commercial use of SuMi TRUST Bank was revalued, and the amount equivalent to the taxes on the resulting valuation difference was recorded as a "Deferred Tax Liability for Land Revaluation" in liabilities, and the amount net of such difference was recorded as a "Revaluation Reserve for Land" in net assets.

Revaluation date: March 31, 1998 and March 31, 1999

Revaluation method prescribed by Paragraph 3 of Article 3 of the Act:

The revaluation was calculated by reasonably adjusting the value of land based on the following prices: the posted prices for benchmark properties as prescribed by Item 1 of Article 2 of the "Order for Enforcement of the Act on Revaluation of Land" (Cabinet Order No. 119, promulgated on March 31, 1998); the standard prices for benchmark properties as prescribed by Item 2 of Article 2, the registered prices in tax lists for such land for commercial use as prescribed by Item 3 of Article 2; and the land assessments under Item 4 of Article 2 of the same Order.

Differences between the fair value and the revalued carrying amount of the land for commercial use subject to Article 10 of the Act were ¥6,999 million (U.S. $58 million) and ¥8,952 million as of March 31, 2015 and 2014, respectively.

## 7. Intangible Fixed Assets

Intangible fixed assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Software | ¥ 45,546 | ¥ 89,469 | $ 379 |
| Goodwill | 89,682 | 98,168 | 746 |
| Lease Assets | 64 | 94 | 1 |
| Other | 7,134 | 7,398 | 59 |
| Total | ¥ 142,427 | ¥ 195,131 | $ 1,185 |

## 8. Other Assets

Other assets as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Domestic Exchange Settlement Account, Debit | ¥ 1,246 | ¥ 585 | $ 10 |
| Prepaid Expenses | 7,686 | 9,591 | 64 |
| Accrued Income | 127,099 | 117,054 | 1,058 |
| Initial Margins of Futures Markets | 5,043 | 7,676 | 42 |
| Variation Margins of Futures Markets | 2,615 | — | 22 |
| Financial Derivatives Other Than Trading Assets | 458,715 | 291,523 | 3,817 |
| Receivables for Securities Transactions | 31,697 | 203,056 | 264 |
| Cash Collateral Pledged for Financial Instruments-Assets | 666,949 | 418,015 | 5,550 |
| Other | 254,464 | 300,292 | 2,117 |
| Total | ¥ 1,555,519 | ¥ 1,347,796 | $ 12,943 |

## 9. Deposits

Deposits as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Current Deposits, Ordinary Deposits and Deposits at Notice | ¥ 4,831,802 | ¥ 4,427,651 | $ 40,205 |
| Time Deposits | 19,206,694 | 18,721,460 | 159,816 |
| Other | 1,019,231 | 945,434 | 8,481 |
| Total | ¥ 25,057,728 | ¥ 24,094,545 | $ 208,502 |

## 10. Borrowed Money

Borrowed money as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Subordinated Borrowings | ¥ 160,000 | ¥ 195,000 | $ 1,331 |
| Other Borrowed Money | 2,361,994 | 1,710,748 | 19,654 |
| Total | ¥ 2,521,994 | ¥ 1,905,748 | $ 20,985 |

Average interest rates on borrowed money were 0.15% and 0.61% for the fiscal years ended March 31, 2015 and 2014, respectively.

Annual maturities of borrowed money as of March 31, 2015, for the next five years are as follows:

| | Millions of Yen | Millions of U.S. Dollars |
|---|---|---|
| Fiscal Year Ending March 31 | 2015 | 2015 |
| 2016 | ¥ 1,545,008 | $ 12,856 |
| 2017 | 110,741 | 921 |
| 2018 | 125,973 | 1,048 |
| 2019 | 87,747 | 730 |
| 2020 | 98,031 | 816 |
| Total | ¥ 1,967,501 | $ 16,371 |

## 11. Bonds Payable

Bonds payable as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Perpetual Subordinated Bonds | ¥ 117,369 | ¥ 108,246 | $ 977 |
| Subordinated Bonds | 424,479 | 602,468 | 3,532 |
| Other Bonds Payable | 452,758 | 345,111 | 3,767 |
| Total | ¥ 994,607 | ¥ 1,055,826 | $ 8,276 |

Annual maturities of bonds payable as of March 31, 2015, for the next five years are as follows:

| Fiscal Year Ending March 31 | Millions of Yen 2015 | Millions of U.S. Dollars 2015 |
|---|---|---|
| 2016 | ¥ 53,000 | $ 441 |
| 2017 | 119,090 | 991 |
| 2018 | 177,329 | 1,476 |
| 2019 | 158,514 | 1,319 |
| 2020 | 70,000 | 582 |
| Total | ¥ 577,933 | $ 4,809 |

## 12. Borrowed Money from Trust Account

Borrowed money from trust account represents surplus funds in the trust accounts loaned to the banking account and utilized.

## 13. Other Liabilities

Other liabilities as of March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Domestic Exchange Settlement Account, Credit | ¥ 315 | ¥ 622 | $ 3 |
| Income Taxes Payable | 31,087 | 19,014 | 259 |
| Accrued Expenses | 104,080 | 131,327 | 866 |
| Unearned Income | 72,077 | 72,396 | 600 |
| Variation Margins of Futures Markets | 2,384 | 2,530 | 20 |
| Financial Derivatives Other Than Trading Liabilities | 779,416 | 518,341 | 6,485 |
| Lease Obligations | 8,343 | 7,980 | 69 |
| Asset Retirement Obligations | 5,991 | 3,472 | 50 |
| Payables for Securities Transactions | 6,772 | 123,927 | 56 |
| Cash Collateral Pledged for Financial Instruments-Liabilities | 133,902 | 157,861 | 1,114 |
| Other | 119,919 | 90,653 | 998 |
| Total | ¥ 1,264,291 | ¥ 1,128,130 | $ 10,520 |

## 14. Acceptances and Guarantees

The bonds presented under "Securities" included guarantee obligations on corporate bonds that were placed through private securities offerings (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act) amounting to ¥137,027 million (U.S. $1,140 million) and ¥180,108 million as of March 31, 2015 and 2014, respectively.

## Notes to the Consolidated Statement of Income

### 1. Other Interest Income and Expenses

(1) Other interest income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Interest on Monetary Claims Bought | ¥ 2,874 | ¥ 3,172 | $ 24 |
| Other | 3,058 | 2,177 | 25 |
| Total | ¥ 5,933 | ¥ 5,350 | $ 49 |

(2) Other interest expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Interest on Interest Rate Swaps | ¥ 7,768 | ¥ 12,227 | $ 65 |
| Other | 7,776 | 7,486 | 65 |
| Total | ¥ 15,545 | ¥ 19,714 | $ 129 |

### 2. Trading Income and Expenses

(1) Trading income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Income from Trading Securities and Derivatives | ¥ 1,276 | ¥ 193 | $ 11 |
| Income from Trading-Related Financial Derivatives Transactions | 30,455 | 23,952 | 253 |
| Other Trading Income | 696 | 458 | 6 |
| Total | ¥ 32,428 | ¥ 24,604 | $ 270 |

(2) Trading expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Expenses on Trading Transactions | ¥ — | ¥ 228 | $ — |
| Total | ¥ — | ¥ 228 | $ — |

### 3. Other Ordinary Income and Expenses

(1) Other ordinary income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Net Gains on Foreign Exchange Transactions | ¥ — | ¥ — | $ — |
| Gains on Sales of Bonds | 69,615 | 32,851 | 579 |
| Gains on Redemption of Bonds | 13 | — | 0 |
| Income from Derivatives Other Than for Trading or Hedging | — | 13,393 | — |
| Other | 218,567 | 243,903 | 1,819 |
| Total | ¥ 288,197 | ¥ 290,148 | $ 2,398 |

(2) Other ordinary expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Net Losses on Foreign Exchange Transactions | ¥ 636 | ¥ 4,188 | $ 5 |
| Losses on Sales of Bonds | 5,857 | 16,954 | 49 |
| Losses on Redemption of Bonds | 81 | — | 1 |
| Expenses on Derivatives Other Than for Trading or Hedging | 37,230 | — | 310 |
| Other | 193,707 | 218,948 | 1,612 |
| Total | ¥ 237,513 | ¥ 240,091 | $ 1,976 |

## 4. Other Income and Expenses

(1) Other income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Gains on Sales of Stocks and Other Securities | ¥ 35,900 | ¥ 57,367 | $ 299 |
| Gains on Money Held in Trust | 673 | 883 | 6 |
| Net Reversal of Allowance for Possible Loan Losses | 18,975 | 8,426 | 158 |
| Recoveries of Written-Off Claims | 2,273 | 2,173 | 19 |
| Equity in Earnings of Affiliated Companies | 5,380 | 3,381 | 45 |
| Gains on Stock-Related Derivatives | — | 3,148 | — |
| Gains on Disposal of Fixed Assets | 2,978 | 599 | 25 |
| Other | 15,121 | 18,841 | 126 |
| Total | ¥ 81,302 | ¥ 94,821 | $ 677 |

(2) Other expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Write-Off of Loans | ¥ 1,658 | ¥ 1,680 | $ 14 |
| Losses on Sales of Stocks and Other Securities | 36,150 | 52,524 | 301 |
| Losses on Devaluation of Stocks and Other Securities | 389 | 1,705 | 3 |
| Losses on Money Held in Trust | — | 0 | — |
| Losses on Disposal of Fixed Assets | 2,536 | 1,656 | 21 |
| Losses on Impairment of Fixed Assets | 5,514 | 10,566 | 46 |
| Management Integration Expenses | 8,438 | 7,508 | 70 |
| Other | 77,231 | 22,339 | 643 |
| Total | ¥ 131,919 | ¥ 97,983 | $ 1,098 |

"Other" includes banking IT system integration costs, which is ¥55,148 million (U.S. $459 million). After the merger on April 1, 2012, among The Chuo Mitsui Trust and Banking Company, Limited, Chuo Mitsui Asset Trust and Banking Company, Limited, and The Sumitomo Trust and Banking Co., Ltd. to establish SuMi TRUST Bank, their banking IT systems have been used in parallel. Costs incurred from the integration of their system data at with the complete integration of their IT systems were expensed when each system migration was completed.

## 5. General and Administrative Expenses

General and administrative expenses for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Taxes Other Than Income Taxes | ¥ 13,168 | ¥ 11,954 | $ 110 |
| Personnel Expenses | 194,461 | 192,825 | 1,618 |
| Other | 179,294 | 180,707 | 1,492 |
| Total | ¥ 386,924 | ¥ 385,487 | $ 3,220 |

## Note to the Consolidated Statement of Comprehensive Income

### Reclassification Adjustments and the Related Tax Effects Concerning Other Comprehensive Income

Reclassification adjustments and the related tax effects concerning other comprehensive income for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Valuation Difference on Available-for-Sale Securities: | | | |
| Changes during the Period | ¥ 432,129 | ¥ 120,432 | $ 3,596 |
| Reclassification Adjustments | (52,448) | (19,383) | (436) |
| Before Tax Effects | 379,681 | 101,048 | 3,159 |
| Tax Effects | (113,738) | (35,266) | (946) |
| Valuation Difference on Available-for-Sale Securities | 265,943 | 65,781 | 2,213 |
| Deferred Gains (Losses) on Hedges: | | | |
| Changes during the Period | (12,713) | (9,993) | (106) |
| Reclassification Adjustments | 7,768 | 12,227 | 65 |
| Before Tax Effects | (4,945) | 2,234 | (41) |
| Tax Effects | 1,225 | (814) | 10 |
| Deferred Gains (Losses) on Hedges | (3,719) | 1,420 | (31) |
| Revaluation Reserve for Land: | | | |
| Changes during the Period | — | — | — |
| Reclassification Adjustments | — | — | — |
| Before Tax Effects | — | — | — |
| Tax Effects | 339 | — | 3 |
| Revaluation Reserve for Land | 339 | — | 3 |
| Foreign Currency Translation Adjustments: | | | |
| Changes during the Period | 7,851 | 10,316 | 65 |
| Reclassification Adjustments | (1,334) | — | (11) |
| Before Tax Effects | 6,517 | 10,316 | 54 |
| Tax Effects | — | — | — |
| Foreign Currency Translation Adjustments | 6,517 | 10,316 | 54 |
| Adjustments for Retirement Benefits | | | |
| Changes during the Period | 70,313 | — | 585 |
| Reclassification Adjustments | 17,564 | — | 146 |
| Before Tax Effects | 87,877 | — | 731 |
| Tax Effects | (31,001) | — | (258) |
| Adjustments for Retirement Benefits | 56,876 | — | 473 |
| Attributable to Equity-Method Affiliated Companies: | | | |
| Changes during the Period | 3,796 | 1,247 | 32 |
| Reclassification Adjustments | 1,274 | 498 | 11 |
| Attributable to Equity-Method Affiliated Companies | 5,071 | 1,745 | 42 |
| Total Other Comprehensive Income | ¥ 331,026 | ¥ 79,264 | $ 2,754 |

## Notes to the Consolidated Statement of Changes in Net Assets

### 1. Class and the Number of Issued Shares of Common Stock

Classes and the number of issued shares of common stock and treasury stock for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | Thousands of Shares | | | | |
|---|---|---|---|---|---|
| | Authorized | Number of Shares Outstanding at the Beginning of the Fiscal Year | Increase | Decrease | Number of Shares Outstanding at the End of the Fiscal Year |
| March 31, 2015 | | | | | |
| Number of Issued Shares: | | | | | |
| Common Share | 3,000,000 | 1,674,537 | — | — | 1,674,537 |
| The First Series of Class II Preferred Shares | — | 109,000 | — | 109,000 | — |
| Total | 3,000,000 | 1,783,537 | — | 109,000 | 1,674,537 |
| Treasury Stock: | | | | | |
| The First Series of Class II Preferred Shares | | — | 109,000 | 109,000 | — |
| Total | | — | 109,000 | 109,000 | — |

(Notes)

1) The number of the First Series of Class II Preferred Shares decreased due to their acquisitions and cancelations, which were resolved at the meeting of the Board of Directors held on July 31, 2014.

2) The number of the First Series of Class II Preferred Shares held as treasury stock increased and then decreased by 109,000 thousand shares due to their acquisitions and cancelations, which were resolved at the meeting of the Board of Directors held on July 31, 2014.

| | Thousands of Shares | | | | |
|---|---|---|---|---|---|
| | Authorized | Number of Shares Outstanding at the Beginning of the Fiscal Year | Increase | Decrease | Number of Shares Outstanding at the End of the Fiscal Year |
| March 31, 2014 | | | | | |
| Number of Issued Shares: | | | | | |
| Common Share | 3,000,000 | 1,674,537 | — | — | 1,674,537 |
| The First Series of Class II Preferred Shares | 109,000 | 109,000 | — | — | 109,000 |
| Total | 3,109,000 | 1,783,537 | — | — | 1,783,537 |

### 2. Subscription Rights to Shares

Subscription rights to shares for the fiscal years ended March 31, 2015 and 2014, consisted of the following:

| | | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|---|
| | | 2015 | 2014 | 2015 |
| Consolidated Subsidiary (Nikko Asset Management Co., Ltd.) | Subscription Rights to Shares as Stock Options | ¥ — | ¥ — | $ — |
| | Subscription Rights to Shares as Treasury Stock Options | — | — | — |

## 3. Dividends

Dividends paid for the fiscal years ended March 31, 2015 and 2014, consist of the following:

As for the fiscal year ended March 31, 2015:

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| June 27, 2014 | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 28,266 ($235) | ¥16.88 ($0.14) | March 31, 2014 | June 30, 2014 |
| | The First Series of Class II Preferred Shares | ¥ 2,305 ($19) | ¥21.15 ($0.18) | March 31, 2014 | June 30, 2014 |

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| July 31, 2014 | | | | | |
| Board of Directors' Meeting | The First Series of Class II Preferred Shares | ¥ 2,305 ($19) | ¥ 21.15 ($0.18) | September 30, 2014 | October 1, 2014 |

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|
| November 13, 2014 | | | | | |
| Board of Directors' Meeting | Common Share | ¥22,622 ($188) | ¥ 13.51 ($0.11) | September 30, 2014 | December 1, 2014 |

Dividends with a record date during the current fiscal year ended March 31, 2015, but whose effective date is after March 31, 2015, are as follows:

| Resolution | Type of Shares | Cash Dividends Declared: Millions of Yen (Millions of U.S. Dollars) | Dividend Resources | Cash Dividends per Share: Yen (U.S. Dollars) | Record Date | Effective Date |
|---|---|---|---|---|---|---|
| June 26, 2015 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 34,545 ($287) | Retained Earnings | ¥20.63 ($0.17) | March 31, 2015 | June 29, 2015 |

As for the fiscal year ended March 31, 2014:

| Resolution | Type of Shares | Cash Dividends Declared (Millions of Yen) | Cash Dividends per Share (Yen) | Record Date | Effective Date |
|---|---|---|---|---|---|
| June 27, 2013 | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 34,328 | ¥ 20.50 | March 31, 2013 | June 27, 2013 |
| | The First Series of Class II Preferred Shares | ¥ 252 | ¥ 2.32 | March 31, 2013 | June 27, 2013 |

| Resolution | Type of Shares | Cash Dividends Declared (Millions of Yen) | Cash Dividends per Share (Yen) | Record Date | Effective Date |
|---|---|---|---|---|---|
| November 14, 2013 | | | | | |
| Board of Directors' Meeting | The First Series of Class II Preferred Shares | ¥ 2,305 | ¥ 21.15 | September 30, 2013 | December 2, 2013 |

Dividends with a record date during the current fiscal year ended March 31, 2014, but whose effective date is after March 31, 2014, are as follows:

| Resolution | Type of Shares | Cash Dividends Declared (Millions of Yen) | Dividend Resources | Cash Dividends per Share (Yen) | Record Date | Effective Date |
|---|---|---|---|---|---|---|
| June 27, 2014 | | | | | | |
| Ordinary General Meeting of Shareholders | Common Share | ¥ 28,266 | Retained Earnings | ¥ 16.88 | March 31, 2014 | June 30, 2014 |
| | The First Series of Class II Preferred Shares | ¥ 2,305 | Retained Earnings | ¥ 21.15 | March 31, 2014 | June 30, 2014 |

## Note to the Consolidated Statement of Cash Flows

### 1. Reconciliation of Cash and Cash Equivalents

The following table reconciles cash and cash equivalents in the consolidated statements of cash flows and cash and due from banks in the consolidated balance sheets as of March 31, 2015 and 2014.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Cash and Due from Banks | ¥ 8,524,067 | ¥ 5,751,322 | $ 70,928 |
| Due from Banks (excluding Due from the Bank of Japan) | (2,508,459) | (1,516,272) | (20,873) |
| Cash and Cash Equivalents | ¥ 6,015,607 | ¥ 4,235,050 | $ 50,055 |

## Leases

### 1. Finance Leases

As a lessee:

(1) Finance leases that do not transfer ownership of the lease assets to lessees

1) Description of lease assets

i) Tangible fixed assets

Mainly store buildings and office equipment

ii) Intangible fixed assets

Software

2) Method for amortizing lease assets

Refer to "(4) Depreciation and Amortization Methods" of "4. Significant Accounting Policies" in the Significant Accounting Policies and Practices.

(2) Finance leases that do not transfer ownership of the lease assets to lessees accounted for as operating leases

There were no relevant items for the fiscal years ended March 31, 2015 and 2014.

### 2. Operating Leases

As a lessee:

Total future lease payments under non-cancelable operating leases as of March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Due in One Year or Less | ¥ 4,560 | ¥ 4,072 | $ 38 |
| Due in More Than One Year | 13,808 | 7,706 | 115 |
| Total | ¥ 18,369 | ¥ 11,779 | $ 153 |

As a lessor:

Total future lease payments under non-cancelable operating leases as of March 31, 2015 and 2014, were as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Due in One Year or Less | ¥ 2,354 | ¥ 4,934 | $ 20 |
| Due in More Than One Year | 2,125 | 3,957 | 18 |
| Total | ¥ 4,480 | ¥ 8,892 | $ 37 |

## Financial Instruments

### 1. Circumstances of Financial Instruments

(1) Policy on Financial Instruments

SuMi TRUST Bank Group is engaged in a variety of financial service businesses, primarily trust banking business operated by SuMi TRUST Bank. To facilitate these businesses, SuMi TRUST Bank Group raises funds through deposits from individual and corporate customers, borrowed money, and issuance of corporate bonds, and manages such funds as loans to individual and corporate customers, and securities on the investment side.

Each group company determines policies as well as measures for investing and funding financial assets and financial liabilities under its annual plan.

SuMi TRUST Holdings monitors risks associated with the group-wide financial assets and liabilities.

SuMi TRUST Bank monitors its respective risks while implementing comprehensive Asset-Liability Management (ALM). Meanwhile, SuMi TRUST Bank conducts derivatives transactions to control the market risk and other risks arising from its assets and liabilities within the level commensurate with its financial capacity. SuMi TRUST Bank is also engaged in trading securities and derivatives through trading accounts ("Trading Accounts") that are segregated from other accounts ("Banking Accounts") in accordance with Article 13-6-3, the "Ordinance for Enforcement of the Banking Act"). Some consolidated subsidiaries are also engaged in trading securities.

(2) Description and Risks of Financial Instruments

1) Trading accounts

SuMi TRUST Bank Group deals with over-the-counter (OTC) and listed derivatives transactions related to interest rates, exchange rates, bonds, credits, and commodities as well as trading securities. These derivatives transactions are exposed to risks associated with fluctuation in interest rates, exchange rates, and prices; credit risks; and other risks.

2) Banking accounts

Financial assets of SuMi TRUST Bank Group are primarily loans to corporations and individuals in Japan and such assets are exposed to credit risks arising from default on contracts by customers.

Securities mainly consist of stocks and bonds that are held to maturity, as strategic investments, and for business development. These securities are exposed to issuers' credit risks, and risks associated with fluctuation in interest rates and market prices.

Deposits from individuals and corporations, borrowed money, and bonds payable are exposed to liquidity risks as becoming insolvent at their maturities, such as being out of markets under certain circumstances.

SuMi TRUST Bank Group deals with OTC and listed derivatives transactions related to interest rates, exchange rates, stocks, bonds, and credits for avoiding market risks.

To reduce interest rate risk, a major risk, SuMi TRUST Bank Group comprehensively manages various financial assets and liabilities, such as loans and deposits, by categorizing them based on characteristics of their interest rate risks, and applies hedge accounting to hedge such risk using interest rate swaps designated as hedging instruments. The hedge accounting is applied to some assets and liabilities by individual transaction.

To mitigate the exchange rate risk arising from various financial assets and liabilities of SuMi TRUST Bank denominated in foreign currencies, hedge accounting is applied to the exchange rate risk of foreign currency assets and liabilities designated as hedged items, using currency swaps and foreign exchange swaps designated as hedging instruments.

Fair value hedge accounting is also applied as a portfolio hedge to hedge the exchange rate risk in available-for-sale securities denominated in foreign currencies, other than bonds, using financial liabilities denominated in foreign currencies (including foreign exchange contracts) designated as hedging instruments.

The details of hedge accounting are described in "Significant Accounting Policies and Practices."

(3) Risk Management for Financial Instruments

SuMi TRUST Bank Group considers that the basis of group-wide risk management is to ensure the effectiveness of PDCA (Plan, Do, Check, Action) cycles for each risk category according to the "Risk Management Policy" established by the board of directors.

The risk management framework of each risk category is as follows:

1) Credit risk management

Credit risk is the risk of financial loss of SuMi TRUST Bank Group when a customer or counterparty fails to meet its contractual obligations, and such risk is generated from claims, mainly loans, bills discounted, and securities. Credit

risk is the most basic financial risk related to a credit creating function. SuMi TRUST Bank Group continuously diversifies its credit portfolios and builds up a stronger customer base by expanding its credit risk management framework further, and by meeting a new and sound demand for credit.

(i) Risk management policy on credit risk

The basic policy of SuMi TRUST Bank Group on credit risk management calls for "a diversified credit portfolio" and "strict management for individual credits."

For the former, SuMi TRUST Bank Group manages credit exposures of each customer based on its limited credit amount, and periodically reviews impacts of identified risks to large and particular creditors and concentration in industry sectors, including the measurement of the credit risk. SuMi TRUST Bank Group makes efforts to mitigate credit concentration risk on a country-by-country basis by managing the diversification of the overall credit portfolio.

For the latter, SuMi TRUST Bank Group manages individual credits through processes such as credit screening, self-assessment, and internal credit ratings. Credit ratings indicate the credit status of creditor and the possibility of defaults on a scale, and provide the basis for credit screening of individual transactions and credit portfolio management. SuMi TRUST Bank Group evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flows, and earning capacity through the self-assessment.

(ii) Risk management framework for credit risk

In SuMi TRUST Bank, the board of directors decides on important matters related to credit risk management when developing management plans. The board of directors also decides on credit strategy and economic capital allocation plans, and approves the Self-Assessment Rules based on reports on credit risk management, including asset-assessment management, to ensure the soundness of the assets. As for screening and credit management of each case, the Global Credit Supervision Department is segregated from branches as part of a check-and-balance system. Furthermore, the Research Department evaluates credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis. SuMi TRUST Bank periodically holds a meeting of the Executive Committee and Credit Risk Committee to deliberate on material matters of managing credit risks. SuMi TRUST Bank has built up an appropriate management framework for risk management through the check-and-balance function, the committees' discussions, and the validation of the credit risk management and operation by the Corporate Risk Management Department.

2) Market risk management

Market risk is the risk of financial loss of SuMi TRUST Bank Group through changes in income and value of assets and liabilities held, including off-balance items, due to fluctuations in various market risk factors, such as interest rates, exchange rates, equity prices, commodity prices, and credit spreads.

(a) Risk management policy on market risk

In managing market risk, SuMi TRUST Bank Group ensures the soundness of its business by appropriately controlling risks, and strives to secure reasonable profits which correspond to strategic goals, the scale and nature of its operations, and risk profiles through an advanced risk management framework.

(b) Risk management framework for market risk

In SuMi TRUST Bank, the board of directors resolves ALM basic plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM basic plans and risk management plans related to market risk regarding company-wide comprehensive risk management for assets/liabilities.

In SuMi TRUST Bank, the Risk Management Department is responsible for planning and implementing market risk management. The role of the Risk Management Department includes measuring risk levels and profits/losses and monitoring the status of market risk managed under ALM basic plans and the status of compliance with risk limits. The Department reports its findings to the members of the ALM Committee on a daily basis, and to the ALM Committee as well as the board of directors periodically

(c) Market risk management approach

SuMi TRUST Bank Group uses Value at Risk ("VaR") to measure market risk exposures. VaR uses historical market fluctuation to statistically predict the maximum expected losses under specific conditions. Based on an internal model developed by SuMi TRUST Bank Group, SuMi TRUST Bank manages market risks by measuring VaR and calculating various risk management indicators, and carrying out various simulations.

The internally developed VaR model is basically the variance-covariance method, and the historical simulation method is also used for calculating some risks (nonlinear

risks and others), such as risks associated with option transactions. Market risk can be classified into categories, such as interest rate risk, stock price risk, exchange rate risk, and others according to its characteristics. SuMi TRUST Bank calculates market risk by simply adding up the risks of all categories without considering the correlation among these categories.

(d) Quantitative information related to market risk

(i) Trading accounts

SuMi TRUST Bank Group uses VaR for managing risks associated with trading securities and some currency and interest-related derivatives transactions held in the "Trading Accounts." The VaR model used is primarily based on the variance-covariance method (with a holding period of 10 business days, confidence interval of 99%, and observation period of 260 business days).

As of March 31, 2015, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Trading Accounts was ¥4.2 billion (U.S. $35 million).

SuMi TRUST Bank Group performs back testing that compares the results of VaR calculations based on its internal model with actual profit and loss. The back testing for the fiscal year ended March 31, 2015, resulted in two instances where actual losses were in excess of VaR; therefore, SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on the past volatility, it may not properly capture those risks under extreme market movements.

(ii) Banking accounts

SuMi TRUST Bank Group uses VaR for managing risks associated with financial assets and liabilities held in the Banking Accounts. The variance-covariance method is the primary measurement method for interest/exchange rate and credit spread exposures, and the historical simulation method for stock price exposure (with a holding period of a maximum of one year according to a position; confidence interval of 99%; and observation period of 260 business days—one or five years for stock prices).

As of March 31, 2015, the total amount of market risk (estimated potential loss) of financial instruments held by SuMi TRUST Bank Group in the Banking Account was ¥750.6 billion (U.S. $6,246 million).

SuMi TRUST Bank Group performs back testing on certain positions held in the "Banking Accounts" that compares the results of VaR calculations based on its internal model with actual profit and loss regarding financial assets and liabilities subject to measurement. SuMi TRUST Bank Group considers that the measurement model properly captures market risk with sufficient accuracy. However, as VaR measures the amount of market risk under certain probabilities statistically calculated based on past volatility in the market, it may not properly capture the risk under extreme market movements.

3) Management of liquidity risk (Liquidity risk management on fund-raising)

Liquidity risk is the risk of financial loss to SuMi TRUST Bank Group when the Group fails to raise necessary funds or is forced to raise finds at significantly higher rates.

(a) Risk management policy of liquidity risk

With regard to liquidity risk, SuMi TRUST Bank Group designs and implements a policy to build up a risk management framework for liquidity risk, recognizing that financial difficulties due to exposure to such a risk could possibly lead SuMi TRUST Bank Group directly to bankruptcy under certain circumstances.

(b) Risk management framework and approaches for liquidity risk

Liquidity risk management departments determine the extent of SuMi TRUST Bank Group's cash crunch appropriately in cooperation with the liquidity management departments, while gathering and analyzing information related to both the internal environment, such as SuMi TRUST Bank Group's risk profiles, and external environment, such as economic circumstances or market conditions, based on the risk management plan approved by the board of directors semiannually.

To reduce liquidity risk, the liquidity risk management departments manage cash flow within the predetermined appropriate limits, and the liquidity risk management departments monitor its compliance.

(4) Supplementary Explanation Concerning Fair Value of Financial Instruments

Fair value of financial instruments is based on quoted prices in markets. If a quoted price is not available, a reasonably calculated amount is used as fair value. Calculation of such amounts involves certain assumptions and may vary when different assumptions are employed.

## 2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheets and fair values of financial instruments as of March 31, 2015 and 2014, as well as the differences between these values are presented below. The fair values of unlisted shares are excluded from the following table because such fair values are extremely difficult to determine (see Note 2).

| | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2015 | | |
| | Carrying Amount | Fair Value | Difference | Carrying Amount | Fair Value | Difference |
| (1) Cash and Due from Banks (*1) | ¥ 8,523,965 | ¥ 8,523,965 | ¥ — | $ 70,927 | $ 70,927 | $ — |
| (2) Call Loans and Bills Bought | 205,075 | 205,075 | — | 1,706 | 1,706 | — |
| (3) Receivables under Resale Agreements | 136,188 | 136,188 | — | 1,133 | 1,133 | — |
| (4) Receivables under Securities Borrowing Transactions | 310,806 | 310,806 | — | 2,586 | 2,586 | — |
| (5) Monetary Claims Bought (*1) | 756,281 | 756,746 | 464 | 6,293 | 6,297 | 4 |
| (6) Trading Assets | | | | | | |
| Trading Securities | 211,513 | 211,513 | — | 1,760 | 1,760 | — |
| (7) Money Held in Trust | 1,619 | 1,619 | — | 13 | 13 | — |
| (8) Securities | | | | | | |
| Held-to-Maturity Debt Securities | 352,976 | 393,520 | 40,543 | 2,937 | 3,274 | 337 |
| Available-for-Sale Securities | 4,061,680 | 4,061,680 | — | 33,797 | 33,797 | — |
| (9) Loans and Bills Discounted | 25,534,790 | | | 212,471 | | |
| Allowance for Loan Losses (*2) | (78,777) | | | (655) | | |
| | 25,456,012 | 25,755,876 | 299,863 | 211,816 | 214,311 | 2,495 |
| (10) Foreign Exchanges | 12,732 | 12,732 | — | 106 | 106 | — |
| (11) Lease Receivables and Investment Assets (*1) | 544,554 | 553,062 | 8,508 | 4,531 | 4,602 | 71 |
| Total Assets | ¥ 40,573,407 | ¥ 40,922,787 | ¥ 349,380 | $ 337,605 | $ 340,512 | $ 2,907 |
| (1) Deposits | ¥ 25,057,728 | ¥ 25,091,459 | ¥ 33,730 | $ 208,502 | $ 208,782 | $ 281 |
| (2) Negotiable Certificates of Deposit | 6,649,067 | 6,649,067 | — | 55,326 | 55,326 | — |
| (3) Call Money and Bills Sold | 787,600 | 787,600 | — | 6,554 | 6,554 | — |
| (4) Payables under Repurchase Agreements | 462,942 | 462,942 | — | 3,852 | 3,852 | — |
| (5) Borrowed Money | 2,521,994 | 2,530,986 | 8,991 | 20,985 | 21,060 | 75 |
| (6) Foreign Exchanges | 140 | 140 | — | 1 | 1 | — |
| (7) Short-Term Bonds Payable | 974,317 | 974,317 | — | 8,107 | 8,107 | — |
| (8) Bonds Payable | 994,607 | 1,027,612 | 33,005 | 8,276 | 8,551 | 275 |
| (9) Borrowed Money from Trust Account | 1,644,822 | 1,644,822 | — | 13,686 | 13,686 | — |
| Total Liabilities | ¥ 39,093,221 | ¥ 39,168,949 | ¥ 75,727 | $ 325,289 | $ 325,919 | $ 630 |
| Derivatives Transactions (*3) | | | | | | |
| Derivatives Transactions Not Qualifying for Hedge Accounting | ¥ 117,565 | ¥ 117,565 | ¥ — | $ 978 | $ 978 | $ — |
| Derivatives Transactions Qualifying for Hedge Accounting | (300,005) | (300,005) | — | (2,496) | (2,496) | — |
| Total Derivatives Transactions | ¥ (182,440) | ¥ (182,440) | ¥ — | $ (1,518) | $ (1,518) | $ — |

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

| | Millions of Yen | | |
|---|---|---|---|
| | 2014 | | |
| | Carrying Amount | Fair Value | Difference |
| (1) Cash and Due from Banks (*1) | ¥ 5,751,215 | ¥ 5,751,215 | ¥ — |
| (2) Call Loans and Bills Bought | 366,552 | 366,552 | — |
| (3) Receivables under Resale Agreements | 88,069 | 88,069 | — |
| (4) Receivables under Securities Borrowing Transactions | 289,377 | 289,377 | — |
| (5) Monetary Claims Bought (*1) | 899,552 | 900,432 | 880 |
| (6) Trading Assets | | | |
| Trading Securities | 207,162 | 207,162 | — |
| (7) Money Held in Trust | 1,344 | 1,344 | — |
| (8) Securities | | | |
| Held-to-Maturity Debt Securities | 410,076 | 451,992 | 41,916 |
| Available-for-Sale Securities | 4,972,870 | 4,972,870 | — |
| (9) Loans and Bills Discounted and | 23,689,058 | | |
| Allowance for Loan Losses (*2) | (87,303) | | |
| | 23,601,754 | 23,816,809 | 215,054 |
| (10) Foreign Exchanges | 12,114 | 12,114 | — |
| (11) Lease Receivables and Investment Assets (*1) | 536,741 | 542,840 | 6,099 |
| Total Assets | ¥ 37,136,830 | ¥ 37,400,780 | ¥ 263,950 |
| (1) Deposits | ¥ 24,094,545 | ¥ 24,132,045 | ¥ 37,499 |
| (2) Negotiable Certificates of Deposit | 5,203,179 | 5,203,179 | — |
| (3) Call Money and Bills Sold | 200,005 | 200,005 | — |
| (4) Payables under Repurchase Agreements | 1,291,641 | 1,291,641 | — |
| (5) Borrowed Money | 1,905,748 | 1,916,886 | 11,138 |
| (6) Foreign Exchanges | 124 | 124 | — |
| (7) Short-Term Bonds Payable | 904,882 | 904,882 | — |
| (8) Bonds Payable | 1,055,826 | 1,091,075 | 35,249 |
| (9) Borrowed Money from Trust Account | 1,342,001 | 1,342,001 | — |
| Total Liabilities | ¥ 35,997,956 | ¥ 36,081,844 | ¥ 83,887 |
| Derivatives Transactions (*3) | | | |
| Derivatives Transactions Not Qualifying for Hedge Accounting | ¥ 140,173 | ¥ 140,173 | ¥ — |
| Derivatives Transactions Qualifying for Hedge Accounting | (251,228) | (251,228) | — |
| Total Derivatives Transactions | ¥ (111,054) | ¥ (111,054) | ¥ — |

(*1) The allowance for credit losses corresponding to Cash and Due from Banks, Monetary Claims Bought, and Lease Receivables and Investment Assets is directly deducted from the carrying amounts on the consolidated balance sheets because the balance of the allowance is immaterial.

(*2) A general allowance for loan losses and specific allowances for loan losses are deducted from Loans and Bills Discounted.

(*3) Derivatives transactions recorded in Trading Assets and Trading Liabilities or in Other Assets and Other Liabilities are presented collectively.

Receivables and payables arising from derivatives transactions are presented on a net basis. Negative figures represent a liability balance after netting.

(Note 1) Method for Calculating Fair Values of Financial Instruments

**Assets**

(1) Cash and Due from Banks, (2) Call Loans and Bills Bought, (3) Receivables under Resale Agreements, (4) Receivables under Securities Borrowing Transactions, and (10) Foreign Exchanges

These instruments with transactions without stated maturities are stated at their carrying amounts because the carrying amounts approximate fair value. For transactions with stated maturities, corresponding instruments are stated at their carrying amounts because most of such transactions have short contractual terms (one year or less) and the carrying amounts approximate fair value.

(5) Monetary Claims Bought

Monetary claims bought at counterparties' quoted prices or dealer/broker-quoted prices are stated at such prices. Fair values for all other such claims are calculated by classifying them according to their internal ratings and maturities and discounting future cash flows to their present values.

(6) Trading Assets

Bonds and other securities held for trading purposes are stated at dealer association prices or counterparties' quoted prices. For short-term corporate bonds, their fair values are calculated by discounting future cash flows to their present values.

(7) Money Held in Trust

Securities managed as trust assets in money held in trust, which are individually managed with the principal objective of securities portfolio management, are stated at quoted market prices or dealer/broker-quoted prices. Notes regarding money held in trust by holding purposes are presented under the "Money Held in Trust" section.

(8) Securities

Stocks are stated at quoted market prices. Bonds are stated at quoted market prices, dealer association prices, counterparties' quoted prices, or dealer/broker-quoted prices. Investment trusts are stated at published reference prices. Fair values of privately placed bonds guaranteed by SuMi TRUST Bank are calculated by classifying them according to their internal ratings and maturities, and discounting future cash flows to their present value.

Notes regarding securities by their holding purpose are presented under the "Securities" section.

(9) Loans and Bills Discounted

Fair values of loans and bills discounted are calculated by grouping loans according to loan terms, internal ratings, and maturities and discounting the aggregate principal and interest by the assumed interest rate for similar new loans. However, variable-rate loans for which their carrying amounts are deemed to approximate fair value, due to the nature of the loan or the borrower's credit situation subsequent to the execution of the loans, are stated at their carrying amounts.

Loans without stated maturities (as the amount of credit is limited to the value of the collateral or due to some other special characteristics) are stated at their carrying amounts as the carrying amounts are deemed to approximate the fair values because of the expected repayment periods and the interest terms.

For claims executed to borrowers who went into legal bankruptcy, virtual bankruptcy, and possible bankruptcy, estimated loan losses are calculated based on the present value of estimated future cash flows or the expected recoverable amounts from collateral or guarantees. Therefore, fair values for these claims are stated at the amounts by deducting the allowance for loan losses from the amounts in the consolidated balance sheets at the consolidated balance sheet date, because such deducted amounts approximate fair value.

(11) Lease Receivables and Lease Investment Assets

Fair values of lease receivables and investment assets are calculated by grouping these assets according to their internal ratings and maturities, and discounting the aggregate principal and interest by the assumed interest rate for similar new agreements.

### Liabilities

(1) Deposits and (2) Negotiable Certificates of Deposit

Demand deposits are stated at the amount that would have to be paid on demand at the consolidated balance sheet date (carrying amount).

Yen fixed-rate time deposits are grouped by product type and stated at the present value of their future cash flows discounted by the rates that would be paid on new deposits. Fixed-rate time deposits with short maturities (one year or less) and floating-rate time deposits are generally stated at their carrying amounts because the carrying amounts approximate the fair values.

(3) Call Money and Bills Sold, (4) Payables under Repurchase Agreements, (6) Foreign Exchanges, (7) Short-term Bonds Payable, and (9) Borrowed Money from Trust Accounts

The obligations without stated maturities are stated at the amounts that would have to be paid on demand at the consolidated balance sheet date (carrying amount). Obligations with stated maturities are stated at their carrying amounts because they have short contractual terms (one year or less) and the carrying amounts approximate the fair values.

(5) Borrowed Money

Fair values of borrowed money are calculated by discounting their future cash flows by the assumed interest rate on similar borrowings. Fair values for obligations with short maturities (one year or less) are stated at their carrying amounts because they approximate fair value.

Borrowed money of consolidated subsidiaries at variable rates is stated at their carrying amounts. The carrying amounts are deemed to approximate fair value because such amounts reflect short-term market interest rates, and there have been no significant changes in credit condition subsequent to undertaking the borrowed money.

(8) Bonds Payable

Bonds issued by SuMi TRUST Bank and its consolidated subsidiaries are stated at market prices, if such prices are available. Fair values for other bonds are calculated by discounting future cash flows to their present values by the assumed interest rate on issuance of similar bonds.

### Derivatives

Notes regarding fair values of derivatives are presented under the "Derivatives" section.

(Note 2) The amounts of financial instruments on the consolidated balance sheets whose fair values are extremely difficult to be determined are as stated below, and such amounts are not included in the market value information for financial instruments presented under the "Assets, (5) Monetary Claims Bought" or "Assets, (8) Available-for-Sale Securities" section.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| | Carrying Amount | Carrying Amount | Carrying Amount |
| Monetary Claims Bought | ¥ 38,202 | ¥ 35,983 | $ 318 |
| Securities | 156,785 | 152,274 | 1,305 |
| Unlisted stocks (*3) | 94,953 | 101,575 | 790 |
| Investments in Associations | 57,883 | 47,678 | 482 |
| Others (*3) | 3,948 | 3,020 | 33 |
| Total | ¥ 194,988 | ¥ 188,258 | $ 1,622 |

(*1) The above financial instruments are excluded from the fair value disclosure because there are no quoted market prices, and therefore, there is no reliable measure of fair value.

(*2) Stocks in subsidiaries and affiliated companies are not included in the above table.

(*3) During the fiscal year ended March 31, 2015, impairment losses of ¥165 million (U.S. $1.4 million) and ¥17 million (U.S. $0.1 million) were recognized against Unlisted Stocks and Other, respectively.

During the fiscal year ended March 31, 2014, impairment losses of ¥1,273 million and ¥0 million were recognized against Unlisted Stocks and Other, respectively.

(Note 3) Redemption Schedule of Monetary Claims and Securities with Maturity after March 31, 2015 and 2014

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | ¥ 8,340,988 | ¥ 38 | ¥ — | ¥ — | ¥ — | ¥ — |
| Call Loans and Bills Bought | 205,075 | — | — | — | — | — |
| Receivables under Resale Agreements | 136,188 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 310,806 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 605,558 | 43,514 | 14,578 | 11,869 | 1,548 | 115,061 |
| Money Held in Trust | — | — | — | — | 1,619 | — |
| Securities | 803,396 | 706,689 | 414,420 | 401,939 | 247,502 | 299,363 |
| Held-to-Maturity Debt Securities | 34,261 | 78,877 | 30,265 | 73,150 | 18,123 | 137,539 |
| Government Bonds | 34,020 | 70,816 | — | — | 60 | 115,000 |
| Corporate Bonds | — | — | — | — | — | 2,552 |
| Available-for-Sale Securities with Maturity | 769,134 | 627,812 | 384,154 | 328,788 | 229,379 | 161,823 |
| Government Bonds | 407,500 | 240,000 | — | 10,000 | 10,000 | 29,000 |
| Local Government Bonds | 1,559 | 1,267 | 740 | — | 574 | — |
| Corporate Bonds | 35,726 | 198,630 | 205,473 | 86,706 | 34,793 | 4,858 |
| Loans and Bills Discounted (*2) | 3,738,875 | 4,970,326 | 4,524,076 | 2,617,678 | 1,710,390 | 5,314,207 |
| Lease Receivables and Investment Assets (*3) | 155,682 | 222,007 | 106,184 | 22,278 | 20,905 | 5,330 |
| Total | ¥ 14,296,573 | ¥ 5,942,577 | ¥ 5,059,259 | ¥ 3,053,764 | ¥ 1,981,967 | ¥ 5,733,961 |

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2014 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | ¥ 5,606,238 | ¥ 33 | ¥ — | ¥ — | ¥ — | ¥ — |
| Call Loans and Bills Bought | 366,552 | — | — | — | — | — |
| Receivables under Resale Agreements | 88,069 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 289,377 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 714,664 | 44,689 | 46,933 | 7,599 | 10,693 | 106,231 |
| Money Held in Trust | 12,000 | — | — | — | 1,344 | — |
| Securities | 1,545,852 | 606,893 | 501,865 | 242,983 | 1,042,668 | 309,464 |
| Held-to-Maturity Debt Securities | 31,209 | 90,500 | 29,231 | 40,685 | 99,396 | 146,771 |
| Government Bonds | 20,109 | 84,145 | 20,621 | — | — | 115,000 |
| Corporate Bonds | — | — | — | — | — | 3,626 |
| Available-for-Sale Securities with Maturity | 1,514,643 | 516,392 | 472,633 | 202,298 | 943,271 | 162,692 |
| Government Bonds | 1,200,000 | 50,000 | — | — | 10,000 | 27,000 |
| Local Government Bonds | 879 | 3,080 | 4,528 | 2,664 | 4,272 | — |
| Corporate Bonds | 115,915 | 147,950 | 188,801 | 75,921 | 30,992 | 31,227 |
| Loans and Bills Discounted (*2) | 3,999,791 | 4,814,457 | 3,692,460 | 2,628,246 | 1,664,957 | 4,859,300 |
| Lease Receivables and Investment Assets (*3) | 160,848 | 215,331 | 107,704 | 26,817 | 13,052 | 3,621 |
| Total | ¥ 12,783,394 | ¥ 5,681,405 | ¥ 4,348,962 | ¥ 2,905,647 | ¥ 2,732,715 | ¥ 5,278,617 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Due from Banks | $ 69,404 | $ 0 | $ — | $ — | $ — | $ — |
| Call Loans and Bills Bought | 1,706 | — | — | — | — | — |
| Receivables under Resale Agreements | 1,133 | — | — | — | — | — |
| Receivables under Securities Borrowing Transactions | 2,586 | — | — | — | — | — |
| Monetary Claims Bought (*1) | 5,039 | 362 | 121 | 99 | 13 | 957 |
| Money Held in Trust | — | — | — | — | 13 | — |
| Securities | 6,685 | 5,880 | 3,448 | 3,344 | 2,059 | 2,491 |
| Held-to-Maturity Debt Securities | 285 | 656 | 252 | 609 | 151 | 1,144 |
| Government Bonds | 283 | 589 | — | — | 0 | 957 |
| Corporate Bonds | — | — | — | — | — | 21 |
| Available-for-Sale Securities with Maturity | 6,400 | 5,224 | 3,196 | 2,736 | 1,909 | 1,347 |
| Government Bonds | 3,391 | 1,997 | — | 83 | 83 | 241 |
| Local Government Bonds | 13 | 11 | 6 | — | 5 | — |
| Corporate Bonds | 297 | 1,653 | 1,710 | 721 | 290 | 40 |
| Loans and Bills Discounted (*2) | 31,111 | 41,357 | 37,644 | 21,781 | 14,232 | 44,219 |
| Lease Receivables and Investment Assets (*3) | 1,295 | 1,847 | 884 | 185 | 174 | 44 |
| Total | $ 118,960 | $ 49,447 | $ 42,097 | $ 25,410 | $ 16,492 | $ 47,711 |

(*1) The balances exclude Monetary Claims Bought for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥31 million (U.S. $0.3 million) and ¥23 million as of March 31, 2015 and 2014, respectively.

(*2) The balances exclude Loans and Bills Discounted for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥106,264 million (U.S. $884 million) and ¥107,462 million, and those without maturity, amounting to ¥2,552,970 million (U.S. $21,243 million) and ¥1,921,737 million as of March 31, 2015 and 2014, respectively.

(*3) The balances exclude Lease Receivables and investment assets for debtors who are legally bankrupt, virtually bankrupt or likely to become bankrupt that are not expected to be collected, amounting to ¥3,627 million (U.S. $30 million) and ¥1,321 million, and the sum of guaranteed residual values by lessee and estimated salvage values, amounting to ¥11,000 million (U.S. $92 million) and ¥11,576 million as of March 31, 2015 and 2014, respectively.

(Note 4) Repayment Schedule of Bonds, Borrowed Money, and Other Interest-Bearing Liabilities after March 31, 2015 and 2014

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | ¥ 16,143,434 | ¥ 6,304,547 | ¥ 2,607,618 | ¥ 1,953 | ¥ 174 | ¥ — |
| Negotiable Certificates of Deposit | 6,637,041 | 12,026 | — | — | — | — |
| Borrowed Money (*2) | 1,545,008 | 236,714 | 185,778 | 75,272 | 195,351 | 243,869 |
| Short-Term Bonds Payable | 974,455 | — | — | — | — | — |
| Bonds Payable (*3) | 53,000 | 296,419 | 228,514 | 180,000 | 46,500 | 73,000 |
| Borrowed Money from Trust Account | 1,644,822 | — | — | — | — | — |
| Total | ¥ 28,248,305 | ¥ 6,849,707 | ¥ 3,021,911 | ¥ 257,225 | ¥ 242,026 | ¥ 316,869 |

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2014 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | ¥ 15,858,400 | ¥ 5,765,514 | ¥ 2,461,866 | ¥ 2,093 | ¥ 6,671 | ¥ — |
| Negotiable Certificates of Deposit | 5,121,132 | 82,047 | — | — | — | — |
| Borrowed Money (*2) | 968,307 | 216,905 | 150,548 | 175,931 | 180,042 | 169,013 |
| Short-Term Bonds Payable | 904,970 | — | — | — | — | — |
| Bonds Payable (*3) | 94,000 | 163,450 | 297,855 | 228,000 | 90,000 | 74,500 |
| Borrowed Money from Trust Account | 1,342,001 | — | — | — | — | — |
| Total | ¥ 25,780,459 | ¥ 6,227,917 | ¥ 2,910,269 | ¥ 406,024 | ¥ 276,713 | ¥ 243,513 |

| | Millions of U.S. Dollars | | | | | |
|---|---|---|---|---|---|---|
| March 31, 2015 | Within 1 Year | 1 to 3 Years | 3 to 5 Years | 5 to 7 Years | 7 to 10 Years | More Than 10 Years |
| Deposits (*1) | $ 134,327 | $ 52,459 | $ 21,698 | $ 16 | $ 1 | $ — |
| Negotiable Certificates of Deposit | 55,226 | 100 | — | — | — | — |
| Borrowed Money (*2) | 12,856 | 1,970 | 1,546 | 626 | 1,625 | 2,029 |
| Short-Term Bonds Payable | 8,108 | — | — | — | — | — |
| Bonds Payable (*3) | 441 | 2,466 | 1,901 | 1,498 | 387 | 607 |
| Borrowed Money from Trust Account | 13,686 | — | — | — | — | — |
| Total | $ 235,050 | $ 56,995 | $ 25,145 | $ 2,140 | $ 2,014 | $ 2,637 |

(*1) The balance of demand deposits is included in "Within 1 Year." Deposits include balances of current accounts.

(*2) The balances exclude perpetual subordinated debts without maturity, amounting to ¥40,000 million (U.S. $333 million) and ¥45,000 million as of March 31, 2015 and 2014, respectively.

(*3) The balances exclude perpetual subordinated bonds without maturity, amounting to ¥117,369 million (U.S. $977 million) and ¥108,246 million as of March 31, 2015 and 2014, respectively.

## Securities

*1. In addition to the "Securities" presented in the consolidated balance sheets, the following information includes trading securities and short-term corporate bonds under "Trading Assets," negotiable certificates of deposit reported under "Cash and Due from Banks," loan-backed trust deeds reported under "Monetary Claims Bought."

*2. "Stocks in Subsidiaries and Affiliated Companies" are presented as a note to the consolidated financial statements.

### 1. Trading Securities

| | Valuation Difference Reflected on the Statements of Income | | |
|---|---|---|---|
| | Millions of Yen | | Millions of U.S. Dollars |
| | 2015 | 2014 | 2015 |
| Trading Securities | ¥ (21) | ¥ 74 | $ (0) |

### 2. Held-to-Maturity Securities with Fair Value

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2015 | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | ¥ 225,087 | ¥ 240,815 | ¥ 15,727 |
| Corporate Bonds | 2,552 | 2,575 | 22 |
| Other Bonds | 143,463 | 168,708 | 25,245 |
| Foreign Bonds | 120,344 | 145,167 | 24,823 |
| Others | 23,118 | 23,540 | 421 |
| Subtotal | 371,103 | 412,099 | 40,995 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | ¥ 60 | ¥ 59 | ¥ (0) |
| Other Bonds | 4,930 | 4,901 | (29) |
| Foreign Bonds | 4,930 | 4,901 | (29) |
| Others | — | — | — |
| Subtotal | 4,990 | 4,960 | (29) |
| Total | ¥ 376,094 | ¥ 417,060 | ¥ 40,965 |

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2014 | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | ¥ 245,415 | ¥ 256,514 | ¥ 11,098 |
| Corporate Bonds | 3,626 | 3,667 | 41 |
| Other Bonds | 184,705 | 216,145 | 31,440 |
| Foreign Bonds | 154,634 | 185,420 | 30,785 |
| Others | 30,070 | 30,725 | 654 |
| Subtotal | 433,747 | 476,328 | 42,580 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | ¥ 70 | ¥ 69 | ¥ (0) |
| Other Bonds | 7,428 | 7,419 | (8) |
| Foreign Bonds | 6,328 | 6,319 | (8) |
| Others | 1,100 | 1,100 | — |
| Subtotal | 7,498 | 7,489 | (9) |
| Total | ¥ 441,246 | ¥ 483,818 | ¥ 42,571 |

| | Millions of U.S. Dollars | | |
|---|---|---|---|
| March 31, 2015 | Carrying Amount | Fair Value | Difference |
| Securities for which Fair Value Exceeds Carrying Amount | | | |
| Government Bonds | $ 1,873 | $ 2,004 | $ 131 |
| Corporate Bonds | 21 | 21 | 0 |
| Other Bonds | 1,194 | 1,404 | 210 |
| Foreign Bonds | 1,001 | 1,208 | 207 |
| Others | 192 | 196 | 4 |
| Subtotal | 3,088 | 3,429 | 341 |
| Securities for which Fair Value Does Not Exceed Carrying Amount | | | |
| Government Bonds | $ 0 | $ 0 | $ (0) |
| Other Bonds | 41 | 41 | (0) |
| Foreign Bonds | 41 | 41 | (0) |
| Others | — | — | — |
| Subtotal | 42 | 41 | (0) |
| Total | $ 3,129 | $ 3,470 | $ 341 |

## 3. Available-for-Sale Securities

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | ¥ 1,370,211 | ¥ 591,296 | ¥778,915 |
| Bonds | 555,282 | 549,716 | 5,566 |
| Government Bonds | 157,545 | 155,302 | 2,243 |
| Local Government Bonds | 3,084 | 3,075 | 8 |
| Corporate Bonds | 394,652 | 391,338 | 3,314 |
| Other Securities | 1,070,124 | 1,039,249 | 30,875 |
| Foreign Stocks | 4,162 | 1,669 | 2,492 |
| Foreign Bonds | 911,452 | 893,868 | 17,584 |
| Others | 154,508 | 143,711 | 10,797 |
| Subtotal | 2,995,618 | 2,180,262 | 815,356 |
| | | | |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | ¥ 73,722 | ¥ 86,599 | ¥ (12,876) |
| Bonds | 717,887 | 718,740 | (853) |
| Government Bonds | 542,767 | 542,830 | (63) |
| Local Government Bonds | 1,061 | 1,063 | (2) |
| Corporate Bonds | 174,058 | 174,846 | (787) |
| Other Securities | 332,793 | 351,841 | (19,047) |
| Foreign Stocks | 5,705 | 7,283 | (1,577) |
| Foreign Bonds | 136,285 | 137,101 | (816) |
| Others | 190,802 | 207,456 | (16,654) |
| Subtotal | 1,124,403 | 1,157,181 | (32,777) |
| Total | ¥ 4,120,022 | ¥ 3,337,443 | ¥782,579 |

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2014 | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | ¥ 979,504 | ¥ 543,554 | ¥435,950 |
| Bonds | 1,484,265 | 1,479,874 | 4,391 |
| Government Bonds | 1,034,187 | 1,033,987 | 200 |
| Local Government Bonds | 11,212 | 10,951 | 260 |
| Corporate Bonds | 438,866 | 434,935 | 3,930 |
| Other Securities | 1,119,813 | 1,102,049 | 17,763 |
| Foreign Stocks | 1,230 | 180 | 1,050 |
| Foreign Bonds | 972,598 | 963,347 | 9,250 |
| Others | 145,983 | 138,520 | 7,463 |
| Subtotal | 3,583,583 | 3,125,478 | 458,105 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | ¥ 128,119 | ¥ 156,034 | ¥ (27,914) |
| Bonds | 413,978 | 414,427 | (449) |
| Government Bonds | 254,086 | 254,097 | (11) |
| Local Government Bonds | 4,453 | 4,469 | (15) |
| Corporate Bonds | 155,438 | 155,859 | (421) |
| Other Securities | 1,020,119 | 1,038,199 | (18,080) |
| Foreign Stocks | 1,209 | 1,262 | (53) |
| Foreign Bonds | 791,966 | 799,034 | (7,067) |
| Others | 226,942 | 237,902 | (10,959) |
| Subtotal | 1,562,216 | 1,608,661 | (46,444) |
| Total | ¥ 5,145,800 | ¥ 4,734,139 | ¥411,660 |

| March 31, 2015 | Millions of U.S. Dollars | | |
|---|---|---|---|
| | Carrying Amount | Acquisition Cost | Difference |
| Securities for which Carrying Amount Exceeds Acquisition Cost | | | |
| Stocks | $ 11,401 | $ 4,920 | $ 6,481 |
| Bonds | 4,620 | 4,574 | 46 |
| Government Bonds | 1,311 | 1,292 | 19 |
| Local Government Bonds | 26 | 26 | 0 |
| Corporate Bonds | 3,284 | 3,256 | 28 |
| Other Securities | 8,904 | 8,647 | 257 |
| Foreign Stocks | 35 | 14 | 21 |
| Foreign Bonds | 7,584 | 7,438 | 146 |
| Others | 1,286 | 1,196 | 90 |
| Subtotal | 24,926 | 18,142 | 6,784 |
| Securities for which Carrying Amount Does Not Exceed Acquisition Cost | | | |
| Stocks | $ 613 | $ 721 | $ (107) |
| Bonds | 5,973 | 5,981 | (7) |
| Government Bonds | 4,516 | 4,517 | (1) |
| Local Government Bonds | 9 | 9 | (0) |
| Corporate Bonds | 1,448 | 1,455 | (7) |
| Other Securities | 2,769 | 2,928 | (158) |
| Foreign Stocks | 47 | 61 | (13) |
| Foreign Bonds | 1,134 | 1,141 | (7) |
| Others | 1,588 | 1,726 | (139) |
| Subtotal | 9,356 | 9,629 | (273) |
| Total | $ 34,282 | $ 27,770 | $ 6,512 |

## 4. Held-to-Maturity Securities Sold during the Fiscal Year

There were no held-to-maturity securities sold for the fiscal years ended March 31, 2015 and 2014.

## 5. Available-for-Sale Securities Sold during the Fiscal Year

| Year Ended March 31, 2015 | Millions of Yen | | |
|---|---|---|---|
| | Amount Sold | Gain | Loss |
| Stocks | ¥ 81,264 | ¥ 35,815 | ¥ 129 |
| Bonds | 188,777 | 1,851 | 208 |
| Government Bonds | 101,648 | 1,390 | 182 |
| Local Government Bonds | 21,122 | 275 | 20 |
| Corporate Bonds | 66,007 | 185 | 4 |
| Other Securities | 5,409,087 | 68,044 | 41,517 |
| Foreign Bonds | 5,178,807 | 67,396 | 5,407 |
| Others | 230,280 | 647 | 36,109 |
| Total | ¥ 5,679,129 | ¥ 105,711 | ¥ 41,855 |

| Year Ended March 31, 2014 | Millions of Yen | | |
|---|---|---|---|
| | Amount Sold | Gain | Loss |
| Stocks | ¥ 140,237 | ¥ 51,209 | ¥ 1,751 |
| Bonds | 571,154 | 5,957 | 3,655 |
| Government Bonds | 451,241 | 5,484 | 3,465 |
| Local Government Bonds | 16,342 | 41 | 46 |
| Corporate Bonds | 103,569 | 431 | 143 |
| Other Securities | 3,445,757 | 33,050 | 64,073 |
| Foreign Bonds | 3,322,084 | 26,684 | 13,282 |
| Others | 123,673 | 6,366 | 50,790 |
| Total | ¥ 4,157,149 | ¥ 90,218 | ¥ 69,479 |

| Year Ended March 31, 2015 | Millions of U.S. Dollars | | |
|---|---|---|---|
| | Amount Sold | Gain | Loss |
| Stocks | $ 676 | $ 298 | $ 1 |
| Bonds | 1,571 | 15 | 2 |
| Government Bonds | 846 | 12 | 2 |
| Local Government Bonds | 176 | 2 | 0 |
| Corporate Bonds | 549 | 2 | 0 |
| Other Securities | 45,008 | 566 | 345 |
| Foreign Bonds | 43,092 | 561 | 45 |
| Others | 1,916 | 5 | 300 |
| Total | $ 47,255 | $ 880 | $ 348 |

(Note) The above figures include "Available-for-Sale Securities" whose fair values are extremely difficult to be determined.

### 6. Impairment of Securities

Securities other than securities whose fair values are extremely difficult to be determined, or those deemed to be trading securities, are treated as impaired when their fair values have declined significantly from the acquisition cost and it is deemed unlikely to recover to the acquisition cost. Such securities are recorded at their fair values in the consolidated balance sheets. The difference between the acquisition cost and the fair values is recognized as an impairment loss.

Impairment losses recognized were ¥206 million (U.S. $2 million) and ¥431 million on stocks during the fiscal years ended March 31, 2015 and 2014, respectively.

The criteria for determining whether the fair values of securities have significantly declined are as follows:

For securities whose issuers are classified as "normal" under the asset self-assessment, a decline of 50% or more in the fair values compared with the acquisition cost; for securities whose issuers are classified as "close-observation borrowers," a decline of 30% or more in the fair values compared with the acquisition cost. In addition, the fair values of some securities are deemed unrecoverable and impairment losses are recognized when their fair values have declined more than 30%, but less than 50% from acquisition cost and the fair values have continued to decline over a certain period.

## Money Held in Trust

### 1. Money Held in Trust for Trading Purposes

There was no money held in trust for trading purposes for the fiscal years ended March 31, 2015 and 2014.

### 2. Held-to-Maturity Money Held in Trust

There was no held-to-maturity money held in trust for the fiscal years ended March 31, 2015 and 2014.

### 3. Other Money Held in Trust (other than those held for trading purposes or held-to-maturity)

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | ¥ 1,619 | ¥ 863 | ¥ 755 | ¥ 755 | ¥ — |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| March 31, 2014 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | ¥ 13,344 | ¥ 12,859 | ¥ 484 | ¥ 484 | ¥ — |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| March 31, 2015 | Carrying Amount | Acquisition Cost | Difference | Positive Difference | Negative Difference |
| Other Money Held in Trust | $ 13 | $ 7 | $ 6 | $ 6 | $ — |

(Note) The amount of "Difference" is net of "Positive Difference" and "Negative Difference."

## Valuation Differences on Available-for-Sale Securities

The following table shows components of Valuation Differences on Available-for-Sale Securities in the consolidated balance sheets.

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| March 31 | 2015 | 2014 | 2015 |
| Valuation Difference | | | |
| Available-for-Sale Securities | ¥ 758,627 | ¥379,792 | $ 6,312 |
| Other Money Held in Trust | 755 | 484 | 6 |
| Total Valuation Differences | 759,382 | 380,276 | 6,319 |
| Amount Equivalent to Deferred Tax Assets (Liabilities) | (243,293) | (129,658) | (2,024) |
| Total (before Adjustment for Minority Interests and Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies) | 516,089 | 250,618 | 4,294 |
| Minority Interests | (225) | (597) | (2) |
| Parent Company's Portions in Available-for-Sale Securities Owned by its Affiliated Companies | 8,825 | (511) | 73 |
| Valuation Difference on Available-for-Sale Securities | ¥ 524,689 | ¥249,510 | $ 4,366 |

(Notes)

1) Foreign currency translation adjustments on available-for-sale securities, for which fair values are extremely difficult to be determine, are included in the "Available-for-Sale Securities" under "Valuation Differences."

2) The valuation difference of ¥246 million (U.S. $2 million) and ¥(49) million on available-for-sale securities composing assets held by associated companies as of March 31, 2015 and 2014, respectively, is included in "Available-for-Sale Securities" under "Valuation Differences."

3) The unamortized portion of valuation difference as of the consolidated balance sheet date arising from the reclassification of the holding purpose of securities is included in "Available-for-Sale Securities" under "Valuation Differences."

## Derivatives

### 1. Derivatives Transactions Not Qualifying for Hedge Accounting

Derivatives transactions not qualifying for hedge accounting are grouped by the type of underlying transactions. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values, and the valuation differences as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Interest Futures | | | | | | | | |
| Sold | ¥27,671,275 | ¥12,656,733 | ¥ (32,234) | ¥ (32,234) | $ 230,249 | $ 105,315 | $ (268) | $ (268) |
| Purchased | 24,927,660 | 11,462,974 | 29,404 | 29,404 | 207,419 | 95,382 | 245 | 245 |
| Interest Options | | | | | | | | |
| Sold | 3,687,095 | 536,985 | (937) | 585 | 30,680 | 4,468 | (8) | 5 |
| Purchased | 2,574,168 | 309,266 | 897 | (470) | 21,419 | 2,573 | 7 | (4) |
| OTC | | | | | | | | |
| Forward Rate Agreements | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Interest Rate Swaps | | | | | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | 62,632,510 | 50,776,915 | 2,072,978 | 2,072,978 | 521,156 | 422,507 | 17,249 | 17,249 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 62,331,751 | 50,397,565 | (1,970,366) | (1,970,366) | 518,653 | 419,351 | (16,395) | (16,395) |
| Floating Interest Rate Receivable/ Floating Interest Rate Payable | 5,014,328 | 4,052,208 | 4,989 | 4,989 | 41,723 | 33,718 | 42 | 42 |
| Interest Options | | | | | | | | |
| Sold | 5,623,217 | 5,536,921 | (80,395) | (33,349) | 46,790 | 46,072 | (669) | (277) |
| Purchased | 4,204,101 | 4,129,953 | 56,481 | 27,639 | 34,982 | 34,365 | 470 | 230 |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 80,818 | ¥ 99,176 | | | $ 672 | $ 825 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Interest Futures | | | | |
| Sold | ¥ 33,039,172 | ¥ 25,296,720 | ¥ 300 | ¥ 300 |
| Purchased | 31,967,212 | 23,348,077 | 1,252 | 1,252 |
| Interest Options | | | | |
| Sold | 2,355,433 | 722,076 | (786) | 114 |
| Purchased | 1,458,669 | 497,261 | 597 | (130) |
| OTC | | | | |
| Forward Rate Agreements | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | 66,123,613 | 52,516,979 | 1,676,682 | 1,676,682 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | 65,181,210 | 51,755,650 | (1,549,700) | (1,549,700) |
| Floating Interest Rate Receivable/ Floating Interest Rate Payable | 4,541,809 | 3,162,879 | 4,988 | 4,988 |
| Interest Options | | | | |
| Sold | 4,510,352 | 4,420,147 | (59,282) | 372 |
| Purchased | 3,490,159 | 3,438,234 | 33,820 | 1,068 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ 107,871 | ¥ 134,948 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values of listed derivatives transactions are based on the closing prices on the Tokyo Financial Exchange and other exchanges. The fair values of over-the-counter (OTC) derivatives transactions are calculated using the net present value method or option-pricing models.

(2) Currency-Related Transactions

Currency-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Currency Futures | | | | | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — | $ — |
| Purchased | — | — | — | — | — | — | — | — |
| Currency Options | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| OTC | | | | | | | | |
| Currency Swaps | ¥ 2,462,040 | ¥ 2,013,474 | ¥ 12,260 | ¥ 12,260 | $ 20,486 | $ 16,754 | $ 102 | $ 102 |
| Forward Exchange Contracts | | | | | | | | |
| Sold | 6,599,861 | 433,432 | (90,959) | (90,959) | 54,916 | 3,607 | (757) | (757) |
| Purchased | 6,039,915 | 466,314 | 139,938 | 139,938 | 50,257 | 3,880 | 1,164 | 1,164 |
| Currency Options | | | | | | | | |
| Sold | 1,401,709 | 539,308 | (96,672) | (41,069) | 11,663 | 4,488 | (804) | (342) |
| Purchased | 1,204,954 | 506,242 | 69,947 | 26,779 | 10,026 | 4,212 | 582 | 223 |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 34,513 | ¥ 46,948 | | | $ 287 | $ 391 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Currency Futures | | | | |
| Sold | ¥ — | ¥ — | ¥ — | ¥ — |
| Purchased | — | — | — | — |
| Currency Options | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| OTC | | | | |
| Currency Swaps | ¥ 1,044,582 | ¥ 878,297 | ¥ 1,287 | ¥ 1,287 |
| Forward Exchange Contracts | | | | |
| Sold | 6,030,992 | 275,546 | (86,732) | (86,732) |
| Purchased | 5,377,563 | 409,388 | 134,103 | 134,103 |
| Currency Options | | | | |
| Sold | 1,558,263 | 722,613 | (72,984) | (10,113) |
| Purchased | 1,413,270 | 657,963 | 56,106 | (2,899) |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ 31,780 | ¥ 35,646 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values are calculated using the net present value method or option-pricing models.

(3) Stock-Related Transactions

Stock-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Stock Index Futures | | | | | | | | |
| Sold | ¥ 108,238 | ¥ — | ¥ (229) | ¥ (229) | $ 901 | $ — | $ (2) | $ (2) |
| Purchased | 107,333 | — | 110 | 110 | 893 | — | 1 | 1 |
| Stock Index Options | | | | | | | | |
| Sold | 8,730 | — | (44) | 28 | 73 | — | (0) | 0 |
| Purchased | 164,219 | — | 486 | (87) | 1,366 | — | 4 | (1) |
| OTC | | | | | | | | |
| OTC Stock Options | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| OTC Stock Swaps | | | | | | | | |
| Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable | 10,800 | 10,800 | 426 | 426 | 90 | 90 | 4 | 4 |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable | 10,800 | 10,800 | (426) | (426) | 90 | 90 | (4) | (4) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 323 | ¥ (178) | | | $ 3 | $ (1) |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Stock Index Futures | | | | |
| Sold | ¥ 88,412 | ¥ — | ¥ (856) | ¥ (856) |
| Purchased | 54,117 | — | 649 | 649 |
| Stock Index Options | | | | |
| Sold | 5,678 | — | (21) | 47 |
| Purchased | 12,108 | — | 36 | (113) |
| OTC | | | | |
| OTC Stock Options | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| OTC Stock Swaps | | | | |
| Volatility of Stock Price and Other Receivable/ Short-Term Floating Interest Rate Payable | 43,000 | 43,000 | (774) | (774) |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Other Payable | 43,000 | 43,000 | 774 | 774 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| Total | | | ¥ (191) | ¥ (272) |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values of listed derivatives transactions are based on the closing prices on the Osaka Exchange and other exchanges for the year ended March 31, 2015, and the Tokyo Stock Exchange and other exchanges for the year ended March 31, 2014. The fair values of OTC transactions are calculated using the net present value method or option-pricing models.

(4) Bond-Related Transactions

Bond-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| Listed | | | | | | | | |
| Bond Futures | | | | | | | | |
| Sold | ¥ 1,479,724 | ¥ — | ¥ (13,668) | ¥ (13,668) | $ 12,313 | $ — | $ (114) | $ (114) |
| Purchased | 1,431,164 | — | 16,284 | 16,284 | 11,909 | — | 136 | 136 |
| Bond Future Options | | | | | | | | |
| Sold | 40,838 | — | (185) | 4 | 340 | — | (2) | 0 |
| Purchased | 44,041 | — | 271 | (0) | 366 | — | 2 | (0) |
| OTC | | | | | | | | |
| Bond Futures | | | | | | | | |
| Sold | 176,493 | — | (1,355) | (1,355) | 1,469 | — | (11) | (11) |
| Purchased | 186,042 | — | 1,247 | 1,247 | 1,548 | — | 10 | 10 |
| Bond Options | | | | | | | | |
| Sold | 24,691 | — | (142) | (27) | 205 | — | (1) | (0) |
| Purchased | 17,005 | — | 37 | (55) | 141 | — | 0 | (0) |
| Others | | | | | | | | |
| Sold | — | — | — | — | — | — | — | — |
| Purchased | — | — | — | — | — | — | — | — |
| Total | | | ¥ 2,488 | ¥ 2,428 | | | $ 21 | $ 20 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| Listed | | | | |
| Bond Futures | | | | |
| Sold | ¥ 2,043,076 | ¥ — | ¥ 1,884 | ¥ 1,884 |
| Purchased | 2,153,971 | — | (1,295) | (1,295) |
| Bond Future Options | | | | |
| Sold | 310,985 | — | (599) | 122 |
| Purchased | 247,110 | — | 610 | (16) |
| OTC | | | | |
| Bond Futures | | | | |
| Sold | 47,391 | — | 48 | 48 |
| Purchased | 32,728 | — | (46) | (46) |
| Bond Options | | | | |
| Sold | 11,541 | — | (3) | 26 |
| Purchased | 11,541 | — | 56 | 9 |
| Others | | | | |
| Sold | — | — | — | — |
| Purchased | — | — | — | — |
| **Total** | | | ¥ 654 | ¥ 733 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values are based on the closing prices on the Osaka Exchange and other exchanges for the year ended March 31, 2015, and Tokyo Stock Exchange and other exchanges for the year ended March 31, 2014. The fair values of OTC transactions are calculated according to the prices offered by quote information vendors.

(5) Commodity-Related Transactions

There were no commodity-related transactions not qualifying for hedge accounting as of March 31, 2015 and 2014.

(6) Credit Derivatives Transactions

Credit derivatives transactions not qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Millions of Yen | | | | Millions of U.S. Dollars | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2015 | | | |
| | Notional Amount | | Fair Value | Valuation Difference | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | | Total | Over One Year | | |
| OTC | | | | | | | | |
| Credit Default Swap | | | | | | | | |
| Sold | ¥ 53,809 | ¥ 53,809 | ¥ 1,176 | ¥ 1,176 | $ 448 | $ 448 | $ 10 | $ 10 |
| Purchased | 67,843 | 67,843 | (1,755) | (1,755) | 565 | 565 | (15) | (15) |
| Total | | | ¥ (578) | ¥ (578) | | | $ (5) | $ (5) |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Notional Amount | | Fair Value | Valuation Difference |
| | Total | Over One Year | | |
| OTC | | | | |
| Credit Default Swap | | | | |
| Sold | ¥ 27,800 | ¥ 27,800 | ¥ 470 | ¥ 470 |
| Purchased | 42,206 | 42,206 | (411) | (411) |
| Total | | | ¥ 59 | ¥ 59 |

(Notes)

1) The above transactions are stated at their fair values and valuation differences are recorded in the consolidated statements of income.

2) The fair values are calculated using the net present value method.

3) "Sold" represents transactions under which the credit risk has been assumed, and "Purchased" represents transactions under which the credit risk has been transferred to another party.

## 2. Derivatives Transactions Qualifying for Hedge Accounting

Derivatives transactions qualifying for hedge accounting are grouped by the type of underlying transaction. The notional amounts (or the amount equivalent to the principal specified in the contracts), the fair values as of the consolidated balance sheet date, as well as the methods for determining such fair values are presented below. The notional amounts do not reflect the market risk associated with the derivatives.

(1) Interest-Related Transactions

Interest-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| | | 2015 | | | 2015 | | |
| | | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | | Total | Over One Year | | Total | Over One Year | |
| Deferral Method | | | | | | | |
| Interest Rate Swaps | | | | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | ¥ 2,802,112 | ¥ 2,095,843 | ¥ 9,849 | $ 23,316 | $ 17,439 | $ 82 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 834,685 | 675,219 | (36,129) | 6,945 | 5,618 | (301) |
| Interest Futures | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Interest Options | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Others | | | | | | | |
| Sold | | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Total | | | | ¥ (26,279) | | | $ (219) |

| | Major Hedged Item | Millions of Yen | | |
|---|---|---|---|---|
| | | 2014 | | |
| | | Notional Amount | | Fair Value |
| | | Total | Over One Year | |
| Deferral Method | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | Interest-Earning/Bearing Financial Assets/Liabilities such as Loans and Bills Discounted, Available-for-Sale Securities (Bonds), Deposits, and Bonds Payable | ¥ 4,631,601 | ¥ 2,281,001 | ¥ 9,420 |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 826,969 | 725,015 | (31,462) |
| Interest Futures | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Interest Options | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Others | | | | |
| Sold | | — | — | — |
| Purchased | | — | — | — |
| Exceptional Treatment for Interest Rate Swap | | | | |
| Interest Rate Swaps | | | | |
| Fixed Interest Rate Receivable/ Floating Interest Rate Payable | Borrowed Money | — | — | (Note 3) |
| Floating Interest Rate Receivable/ Fixed Interest Rate Payable | | 29,084 | 27,409 | (Note 3) |
| **Total** | | | | ¥ (22,042) |

(Notes)

1) Deferred hedge accounting stipulated in Report No. 24 is applied, in principle.

2) Fair values are calculated mainly using the net present value method or option-pricing models.

3) Interest rate swaps to which exceptional treatment is applied are accounted for as part of the borrowings being hedged; therefore, their fair values are included in the fair value of Borrowed Money presented under "Financial Instruments."

(2) Currency-Related Transactions

Currency-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen 2015 Notional Amount Total | Millions of Yen 2015 Notional Amount Over One Year | Millions of Yen 2015 Fair Value | Millions of U.S. Dollars 2015 Notional Amount Total | Millions of U.S. Dollars 2015 Notional Amount Over One Year | Millions of U.S. Dollars 2015 Fair Value |
|---|---|---|---|---|---|---|---|
| Deferral Method | | | | | | | |
| Currency Swaps | | ¥ 2,830,428 | ¥ 2,214,688 | ¥ (273,932) | $ 23,552 | $18,428 | $ (2,279) |
| Forward Exchange Contracts | | | | | | | |
| Sold | Loans and Bills | 4,080 | — | (56) | 34 | — | (0) |
| Purchased | Discounted and Securities | 19,218 | — | 296 | 160 | — | 2 |
| Others | Denominated in Foreign | | | | | | |
| Sold | Currencies | — | — | — | — | — | — |
| Purchased | | — | — | — | — | — | — |
| Total | | | | ¥ (273,692) | | | $ (2,277) |

| | Major Hedged Item | Millions of Yen 2014 Notional Amount Total | Millions of Yen 2014 Notional Amount Over One Year | Millions of Yen 2014 Fair Value |
|---|---|---|---|---|
| Deferral Method | | | | |
| Currency Swaps | | ¥ 1,783,565 | ¥ 1,016,955 | ¥ (229,442) |
| Forward Exchange Contracts | | | | |
| Sold | Loans and Bills | — | — | — |
| Purchased | Discounted and Securities | 13,170 | 445 | 257 |
| Others | Denominated in Foreign | | | |
| Sold | Currencies | — | — | — |
| Purchased | | — | — | — |
| Total | | | | ¥ (229,185) |

(Notes)

1) Deferred hedge accounting stipulated in Report No. 25 is applied, in principle.

2) Fair values are calculated mainly using the net present value method.

(3) Stock-Related Transactions

Stock-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014, consist of the following:

| | Major Hedged Item | Millions of Yen | | | Millions of U.S. Dollars | | |
|---|---|---|---|---|---|---|---|
| | | 2015 | | | 2015 | | |
| | | Notional Amount | | Fair Value | Notional Amount | | Fair Value |
| | | Total | Over One Year | | Total | Over One Year | |
| Fair Value Method | | | | | | | |
| OTC Stock Swaps | | | | | | | |
| Volatility of Stock Price and Others Receivable/ Short-Term Floating Interest Rate Payable | Available-for-Sale Securities (Stocks) | ¥ — | ¥ — | ¥ — | $ — | $ — | $ — |
| Short-Term Floating Interest Rate Receivable/ Volatility of Stock Price and Others Payable | | 5,066 | 3,037 | (34) | 42 | 25 | (0) |
| Total | | | | ¥ (34) | | | $ (0) |

There were no stock-related transactions qualifying for hedge accounting as of March 31, 2014.

(Note) Fair values are calculated mainly by using the net present value method.

(4) Bond-Related Transactions

There were no bond-related transactions qualifying for hedge accounting as of March 31, 2015 and 2014.

## Retirement and Pension Plans

### Retirement and Pension Plans for the Fiscal Year Ended March 31, 2015 and 2014

#### 1. Outline of the Retirement Benefit Plans Adopted by SuMi TRUST Bank

SuMi TRUST Bank has defined benefit plans (a corporate pension fund plan and a lump-sum retirement benefit plan). Additionally, a lump-sum retirement benefit plan is offered to contract employees according to internal rules. SuMi TRUST Bank also has a defined contribution pension plan and may provide extra retirement payments to retiring employees in some cases. SuMi TRUST Bank sets up employee retirement benefit trusts as part of its pension plan assets.

Consolidated subsidiaries have lump-sum retirement benefit plans, defined benefit corporate pension plans, defined contribution pension plans, and plans administered under an employees' pension fund system. Some consolidated subsidiaries also participate in multiple employer pension plan.

Some consolidated subsidiaries adopt the computational shortcut method in calculating liabilities for retirement benefits and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

#### 2. Defined Benefit Plans

(1) Reconciliation of Retirement Benefit Obligations

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Retirement Benefit Obligations (opening balance) | ¥ 368,430 | ¥ 369,723 | $ 3,066 |
| Cumulative Effects of Changes in Accounting Policies | 47,991 | — | 399 |
| Retirement Benefit Obligations (restated opening balance for the current fiscal year) | 416,421 | 369,723 | 3,465 |
| Service Cost-Benefits Earned during the Fiscal Year | 13,308 | 9,460 | 111 |
| Interest Cost on Projected Benefit Obligations | 4,893 | 7,198 | 41 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | (300) | 2,261 | (3) |
| Retirement Benefits Paid | (16,549) | (17,280) | (138) |
| Past Service Cost that Arose during the Fiscal Year | (387) | 298 | (3) |
| Other | (314) | (3,231) | (3) |
| Retirement Benefit Obligations (closing balance) | ¥ 417,071 | ¥ 368,430 | $ 3,470 |

(2) Reconciliation of Plan Assets

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Plan Assets (opening balance) | ¥ 508,095 | ¥ 479,499 | $ 4,228 |
| Expected Return on Plan Assets | 25,457 | 21,670 | 212 |
| Actuarial Gains and Losses that Arose during the Fiscal Year | 69,645 | 14,340 | 580 |
| Contributions by the Employer | 8,459 | 8,184 | 70 |
| Retirement Benefits Paid | (15,475) | (15,600) | (129) |
| Plan Assets (closing balance) | ¥ 596,181 | ¥ 508,095 | $ 4,961 |

(3) Reconciliation between Closing Balances of Retirement Benefit Obligations and Plan Assets, and Liabilities and Assets for Retirement Benefits Recorded in the Consolidated Balance Sheet

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Retirement Benefit Obligations of Retirement Benefit Plans with Plan Assets | ¥ 387,131 | ¥ 342,079 | $ 3,221 |
| Plan Assets | (596,181) | (508,095) | (4,961) |
| | (209,050) | (166,015) | (1,739) |
| Retirement Benefit Obligations of Retirement Benefit Plans without Plan Assets | 29,940 | 26,350 | 249 |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (179,110) | ¥ (139,665) | $(1,490) |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Liabilities for Retirement Benefits | ¥ 11,326 | ¥ 10,480 | $ 94 |
| Assets for Retirement Benefits | (190,436) | (150,145) | (1,585) |
| Net of Liabilities and Assets Recorded in the Consolidated Balance Sheet | ¥ (179,110) | ¥ (139,665) | $(1,490) |

(4) Breakdown of Retirement Benefit Expenses

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Service Cost-Benefits Earned during the Fiscal Year | ¥ 13,308 | ¥ 9,460 | $ 111 |
| Interest Cost on Projected Benefit Obligations | 4,893 | 7,198 | 41 |
| Expected Return on Plan Assets | (25,457) | (21,670) | (212) |
| Amortization of Actuarial Differences | 17,480 | 18,316 | 145 |
| Amortization of Past Service Cost | 83 | (136) | 1 |
| Other | 1,151 | 1,232 | 10 |
| Retirement Benefit Expenses for Defined Benefit Obligations | ¥ 11,460 | ¥ 14,401 | $ 95 |

(5) Adjustments for Retirement Benefits

The breakdown of adjustments for retirement benefits (before tax effect) is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Past Service Cost | ¥ 449 | ¥ — | $ 4 |
| Actuarial Differences | 87,428 | — | 727 |
| Total | ¥ 87,877 | ¥ — | $ 731 |

(6) Accumulated Adjustments for Retirement Benefits

The breakdown of accumulated adjustments for retirement benefits (before tax effect) is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Unrecognized Past Service Cost | ¥ 448 | ¥ 897 | $ 4 |
| Unrecognized Actuarial Differences | (10,366) | 77,061 | (86) |
| Total | ¥ (9,918) | ¥ 77,959 | $ (83) |

(7) Plan Assets

1) The asset categories and proportion of the total plan asset are as follows:

| | Proportion (%) | |
|---|---|---|
| | 2015 | 2014 |
| Debt Securities | 13 | 19 |
| Equity Securities | 58 | 58 |
| Cash and Due from Banks | 11 | 3 |
| Other | 18 | 20 |
| Total | 100 | 100 |

(Note) The total plan asset includes the retirement benefit trusts set up for a corporate pension plan and a lump-sum retirement benefit plan. They account for 61% and 57% of the total plan asset, for the fiscal years ended March 31, 2015 and 2014, respectively.

2) Expected long-term return on plan assets

In order to determine the expected long-term rate of return on plan assets, SuMi TRUST Bank considers the current and projected plan asset allocation, as well as the current and expected long-term rate of return on assets composing plan assets.

(8) Assumptions Used

Major assumptions used for calculating the actuarial gains and losses for the fiscal years ended March 31, 2015 and 2014, are as follows:

| | 2015 | 2014 |
|---|---|---|
| Discount Rate | Mainly 1.2% | Mainly 2.0% |
| Expected Long-Term Rate of Return on Plan Assets | 5.0% | 4.5% |

## 3. Defined-Contribution Pension Plans

Contributions by SuMi TRUST Bank and its consolidated subsidiaries to the defined contribution pension plans were ¥1,574 million (U.S. $13 million) and ¥1,396 million for the years ended March 31, 2015 and 2014, respectively.

## Stock Option Plans

### 1. Expenses Recorded in Connection with Stock Options during the Fiscal Years Ended March 31, 2015 and 2014

There were no corresponding items for the fiscal years ended March 31, 2015 and 2014.

### 2. Description of Stock Options

Consolidated Subsidiary: Nikko Asset Management Co., Ltd.

(1) Description of Stock Options

| Year Ended March 31, 2015 | Resolution during Fiscal Year 2009 | |
|---|---|---|
| Number of Eligible Persons and their Position | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 271 | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 48 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 19,724,100 shares | Common stock: 1,702,800 shares |
| Grant Date | February 8, 2010 | August 20, 2010 |
| Vesting Conditions | The recipient must, in principle, be an employee, etc., of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. | Same as on the left |
| Eligible Service Period | From the grant date until two full years have passed since the First Exercisable Date | Same as on the left |
| Exercise Period | From January 22, 2012, to January 21, 2020 | Same as on the left |

| | Resolution during the Fiscal Year 2010 | Resolution during the Fiscal Year 2011 |
|---|---|---|
| Number of Eligible Persons and their Position | Employees of Nikko Asset Management Co., Ltd.: 1 | Directors, and employees of Nikko Asset Management Co., Ltd. and its subsidiaries and affiliated companies: 186 |
| Number of Stock Options Granted by Class of Share (Note) | Common stock: 2,310,000 shares | Common stock: 6,101,700 shares |
| Grant Date | August 20, 2010 | October 7, 2011 |
| Vesting Conditions | The recipient must, in principle, be an employee, etc., of Nikko Asset Management Co., Ltd., as of January 22, 2012 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. | The recipient must, in principle, be an employee, of Nikko Asset Management Co., Ltd., as of October 7, 2013 ("First Exercisable Date"); on the date immediately after which one full year has passed since the First Exercisable Date; and on the date immediately after which two full years have passed since the First Exercisable Date. In those periods, one half, one fourth and one fourth of the options held by the recipient will be vested, respectively. Nikko Asset Management Co., Ltd., must have implemented the IPO at the time of the exercise of any of these options. |
| Eligible Service Period | From the grant date until two full years have passed since the First Exercisable Date | From the grant date until two full years have passed since the First Exercisable Date |
| Exercise Period | From January 22, 2012, to January 21, 2020 | From October 7, 2013, to October 6, 2021 |

(Note) Converted into the number of equivalent shares.

(2) Volume and Changes in Stock Options

1) Number of stock options

| Year Ended March 31, 2015 | Shares | |
|---|---|---|
| | Resolution during Fiscal Year 2009 | |
| Grant Date | February 8, 2010 | August 20, 2010 |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 15,902,700 | 1,567,500 |
| Granted | — | — |
| Forfeited | — | — |
| Vested | — | — |
| At the End of Fiscal Year | 15,902,700 | 1,567,500 |
| Vested Stock Options | | |
| At the Beginning of Fiscal Year | — | — |
| Vested | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| At the End of Fiscal Year | — | — |

| | Shares | |
|---|---|---|
| | Resolution during Fiscal Year 2010 | Resolution during Fiscal Year 2011 |
| Grant Date | August 20, 2010 | October 7, 2011 |
| Unvested Stock Options | | |
| At the Beginning of the Fiscal Year | 2,310,000 | 5,388,900 |
| Granted | — | — |
| Forfeited | — | 359,700 |
| Vested | — | — |
| At the End of Fiscal Year | 2,310,000 | 5,029,200 |
| Vested Stock Options | | |
| At the Beginning of Fiscal Year | — | — |
| Vested | — | — |
| Exercised | — | — |
| Forfeited | — | — |
| At the End of Fiscal Year | — | — |

(Note) Converted into the number of equivalent shares.

2) Unit price information

| Year Ended March 31, 2015 | Resolution during Fiscal Year 2009 | |
|---|---|---|
| Grant Date | February 8, 2010 | August 20, 2010 |
| Exercise Price | ¥ 625 | ¥ 625 |
| Fair Price on the Grant Date (Note 1) | 0 | 0 |

| | Resolution during Fiscal Year 2010 | Resolution during Fiscal Year 2011 |
|---|---|---|
| Grant Date | August 20, 2010 | October 7, 2011 |
| Exercise Price | ¥ 625 | ¥ 737 (Note 3) |
| Fair Price on the Grant Date (Note 1) | 0 | 0 |

(Notes)

1) In lieu of fair value per share, the fair price refers to a share price of an estimate of each option's intrinsic value (the difference between the fair value of the share calculated by the comparable transactional price method and the exercise price).

2) The total amount of intrinsic value of the options was 0 yen as of March 31, 2015.

3) If the IPO price is set as any amount exceeding ¥737, the Exercise Price shall be adjusted to an amount equal to the IPO Price on the IPO Date (the Exercise Price shall be adjusted to reflect appropriately the nature of any split or consolidation of shares after the Allotment Date, if any).

## Income Taxes

### 1. Deferred Tax Assets and Liabilities

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| Year Ended March 31 | 2015 | 2014 | 2015 |
| **Deferred Tax Assets:** | | | |
| Allowance for Loan Losses (including Direct Write-Offs of Loans with Guarantees or Collateral) | ¥ 29,666 | ¥ 37,950 | $ 247 |
| Devaluation of Securities | 24,414 | 35,680 | 203 |
| Deferred Gains (Losses) on Hedges | 4,995 | 3,770 | 42 |
| Adjustments for Retirement Benefits | — | 27,757 | — |
| Other | 71,994 | 85,450 | 599 |
| Subtotal | ¥ 131,071 | ¥ 190,610 | $ 1,091 |
| Valuation Allowance | (14,883) | (39,621) | (124) |
| **Deferred Tax Assets** | ¥ 116,187 | ¥ 150,988 | $ 967 |
| **Deferred Tax Liabilities:** | | | |
| Retirement Benefits | ¥ (8,202) | ¥ (27,453) | $ (68) |
| Valuation Differences on Available-for-Sale Securities | (243,278) | (129,578) | (2,024) |
| Adjustments for Retirement Benefits | (3,207) | — | (27) |
| Other | (7,498) | (6,327) | (62) |
| **Deferred Tax Liabilities** | ¥ (262,186) | ¥ (163,359) | $ (2,182) |
| **Net Deferred Tax Assets (Liabilities)** | ¥ (145,999) | ¥ (12,370) | $ (1,215) |

## 2. Effective Income Tax Rate

| Years Ended March 31 | 2015 | 2014 |
|---|---|---|
| Effective Statutory Tax Rate | 35.64 % | — |
| Adjustments: | | |
| Changes in Valuation Allowance | (10.01) | — |
| Permanent Differences (e.g., Cash Dividends Received) | (1.97) | — |
| Adjustments to Deferred Tax Assets due to Change in Corporate Tax Rates | 2.99 | — |
| Others | (1.57) | — |
| Effective Income Tax Rate | 25.07 % | — |

(Note) Disclosure on adjustments between the effective statutory tax rate and the effective income tax rate is omitted since the difference was 5% or less for the fiscal year ended March 31, 2014.

## 3. Adjustments to Deferred Tax Assets and Liabilities due to Change in Corporate Tax Rates

The Ministry of Finance in Japan released the "Act on Partial Amendment to the Income Tax Act, etc." (Act No. 9 of 2015) and the "Supplementary Provisions of the Act to Amend the Local Taxation Act, etc." (Act No. 2 of 2015) on March 31, 2015, to reduce income taxes effective from fiscal years beginning on and after April 1, 2015. As a result of this act, the effective statutory tax rate for calculating deferred tax assets and liabilities will be reduced from 35.64% to 33.10% and 32.34% on temporary differences that are expected to be realized during the fiscal year beginning on April 1, 2015, and on April 1, 2016, respectively. The effects of this change were to decrease "Deferred Tax Liabilities" (net of Deferred Tax Assets) by ¥18,162 million (U.S. $151 million) and to increase "Valuation Differences on Available-for-Sale Securities" by ¥24,789 million (U.S. $206 million), "Deferred Losses on Hedges" by ¥513 million (U.S. $4 million), "Adjustments for Retirement Benefits" by ¥326 million (U.S. $3 million), and "Income Taxes—Deferred" by ¥6,440 million (U.S. $54 million). "Deferred Tax Liabilities for Land Revaluation" decreased by ¥339 million (U.S. $3 million), and "Land Revaluation Excess" increased by the same amount.

## Segment Information

### 1. Reportable Segment Information

SuMi TRUST Bank Group's reportable segments are defined as operating segments for which discrete financial information is available and which is regularly reviewed by the Board of Directors in determining resources to be allocated to the segments and in assessing their business performance.

SuMi TRUST Bank Group comprises SuMi TRUST Bank and its consolidated subsidiaries, and SuMi TRUST Bank and Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (SuMiTPFC) are treated as reportable segments. The main activities of the reportable segments are presented below:

SuMi TRUST Bank: Trust banking business
SuMiTPFC: Leasing business

### 2. Method for Calculating Income, Profit or Losses, Assets, Liabilities, and Other Items by Reportable Segment

The accounting policies used for the reportable segments are the same as those presented under "Significant Accounting Policies and Practices," and the amount of segment profit presented for the reportable segments is Income before Income Taxes and Minority Interests.

Prices used for internal transactions among segments are the same as the prices used for transactions with unaffiliated customers.

### 3. Income, Profit or Losses, Assets, Liabilities, and Other Items by Reportable Segment

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reportable Segment | | | | | | |
| Fiscal Year Ended March 31, 2015 | SuMi TRUST Bank | SuMiTPFC | Total | Other | Total | Adjustment | Carrying Amount |
| Income: | | | | | | | |
| Unaffiliated Customers | ¥ 797,067 | ¥ 226,702 | ¥ 1,023,769 | ¥ 163,304 | ¥ 1,187,074 | ¥ — | ¥ 1,187,074 |
| Intersegment | 12,628 | 2,017 | 14,646 | 62,799 | 77,446 | (77,446) | — |
| Total | ¥ 809,696 | ¥ 228,719 | ¥ 1,038,416 | ¥ 226,104 | ¥ 1,264,520 | ¥ (77,446) | ¥ 1,187,074 |
| Segment Profit | ¥ 169,979 | ¥ 11,776 | ¥ 181,755 | ¥ 43,657 | ¥ 225,413 | ¥ (10,593) | ¥ 214,819 |
| Segment Assets | ¥ 42,705,462 | ¥ 945,574 | ¥ 43,651,036 | ¥ 8,927,160 | ¥ 52,578,197 | ¥ (8,507,898) | ¥ 44,070,299 |
| Segment Liabilities | ¥ 40,476,928 | ¥ 793,901 | ¥ 41,270,829 | ¥ 8,366,597 | ¥ 49,637,427 | ¥ (8,135,270) | ¥ 41,502,157 |
| Others | | | | | | | |
| Depreciation and Amortization | ¥ 23,604 | ¥ 1,230 | ¥ 24,835 | ¥ 3,758 | ¥ 28,593 | ¥ (1,172) | ¥ 27,420 |
| Amortization of Goodwill | — | — | — | 2,287 | 2,287 | 6,317 | 8,604 |
| Interest Income | 355,133 | 2,236 | 357,369 | 24,859 | 382,229 | (11,801) | 370,428 |
| Interest Expenses | 130,707 | 3,643 | 134,350 | 4,280 | 138,631 | (10,746) | 127,885 |
| Gains on Disposal of Fixed Assets | 2,461 | 516 | 2,977 | 0 | 2,978 | — | 2,978 |
| Impairment Loss | 4,830 | — | 4,830 | 166 | 4,996 | 518 | 5,514 |
| IT System Integration Costs | 55,846 | — | 55,846 | — | 55,846 | (698) | 55,148 |
| Unamortized Balance of Goodwill | — | — | — | 25,681 | 25,681 | 64,001 | 89,682 |

| Fiscal Year Ended March 31, 2014 | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reportable Segment | | | Other | Total | Adjustment | Carrying Amount |
| | SuMi TRUST Bank | SuMiTPFC | Total | | | | |
| Income: | | | | | | | |
| Unaffiliated Customers | ¥ 765,522 | ¥ 253,140 | ¥ 1,018,662 | ¥ 158,056 | ¥ 1,176,718 | ¥ — | ¥ 1,176,718 |
| Intersegment | 13,142 | 959 | 14,102 | 75,954 | 90,056 | (90,056) | — |
| Total | ¥ 778,665 | ¥ 254,099 | ¥ 1,032,764 | ¥ 234,010 | ¥ 1,266,774 | ¥ (90,056) | ¥ 1,176,718 |
| Segment Profit | ¥ 185,967 | ¥ 12,046 | ¥ 198,014 | ¥ 39,577 | ¥ 237,591 | ¥ (4,455) | ¥ 233,135 |
| Segment Assets | ¥ 39,122,664 | ¥ 916,120 | ¥ 40,038,785 | ¥ 8,458,204 | ¥ 48,496,989 | ¥ (8,318,559) | ¥ 40,178,429 |
| Segment Liabilities | ¥ 37,091,495 | ¥ 769,070 | ¥ 37,860,566 | ¥ 7,994,618 | ¥ 45,855,185 | ¥ (7,955,245) | ¥ 37,899,940 |
| Others | | | | | | | |
| Depreciation and Amortization | ¥ 26,041 | ¥ 1,108 | ¥ 27,149 | ¥ 3,871 | ¥ 31,021 | ¥ (1,647) | ¥ 29,373 |
| Amortization of Goodwill | — | — | — | 2,475 | 2,475 | 6,622 | 9,098 |
| Interest Income | 348,379 | 1,955 | 350,334 | 27,711 | 378,046 | (17,348) | 360,698 |
| Interest Expenses | 140,470 | 4,247 | 144,717 | 4,174 | 148,891 | (14,841) | 134,050 |
| Gains on Disposal of Fixed Assets | 471 | 90 | 561 | 16 | 578 | 21 | 599 |
| Losses on Disposal of Fixed Assets | 1,326 | 195 | 1,522 | 134 | 1,656 | — | 1,656 |
| Impairment Loss | 1,612 | — | 1,612 | 6,727 | 8,339 | 2,227 | 10,566 |
| Unamortized Balance of Goodwill | — | — | — | 27,953 | 27,953 | 70,214 | 98,168 |

| Fiscal Year Ended March 31, 2015 | Millions of U.S. Dollars | | | | | | |
|---|---|---|---|---|---|---|---|
| | Reportable Segment | | | Other | Total | Adjustment | Carrying Amount |
| | SuMi TRUST Bank | SuMiTPFC | Total | | | | |
| Income: | | | | | | | |
| Unaffiliated Customers | $ 6,632 | $ 1,886 | $ 8,519 | $ 1,359 | $ 9,877 | $ — | $ 9,877 |
| Intersegment | 105 | 17 | 122 | 523 | 644 | (644) | — |
| Total | $ 6,737 | $ 1,903 | $ 8,641 | $ 1,881 | $ 10,522 | $ (644) | $ 9,877 |
| Segment Profit | $ 1,414 | $ 98 | $ 1,512 | $ 363 | $ 1,876 | $ (88) | $ 1,787 |
| Segment Assets | $ 355,346 | $ 7,868 | $ 363,214 | $ 74,282 | $ 437,495 | $ (70,793) | $ 366,702 |
| Segment Liabilities | $ 336,803 | $ 6,606 | $ 343,408 | $ 69,617 | $ 413,026 | $ (67,692) | $ 345,333 |
| Others | | | | | | | |
| Depreciation and Amortization | $ 196 | $ 10 | $ 207 | $ 31 | $ 238 | $ (10) | $ 228 |
| Amortization of Goodwill | — | — | — | 19 | 19 | 53 | 72 |
| Interest Income | 2,955 | 19 | 2,974 | 207 | 3,180 | (98) | 3,082 |
| Interest Expenses | 1,088 | 30 | 1,118 | 36 | 1,154 | (89) | 1,064 |
| Gains on Disposal of Fixed Assets | 20 | 4 | 25 | 0 | 25 | — | 25 |
| Impairment Loss | 40 | — | 40 | 1 | 42 | 4 | 46 |
| IT System Integration Costs | 465 | — | 465 | — | 465 | (6) | 459 |
| Unamortized Balance of Goodwill | — | — | — | 214 | 214 | 533 | 746 |

1) The figures represent income in substitution of net sales to be presented by companies in other industries.
2) The figures under SuMiTPFC represent consolidated amounts.
3) "Other" includes the consolidated subsidiaries other than SuMi TRUST Bank and SuMiTPFC.
4) The figures shown under "Adjustment" represent the consolidation adjustments for internal transactions.
5) Segment profits have been adjusted to "Income before Income Taxes and Minority Interests" as presented in the consolidated statements of income.

## Related Information

### 1. Information by Services

| Fiscal Year Ended March 31, 2015 | Millions of Yen | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | ¥ 797,067 | ¥ 226,702 | ¥ 163,304 | ¥ 1,187,074 |

| Fiscal Year Ended March 31, 2014 | Millions of Yen | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | ¥ 765,522 | ¥ 253,140 | ¥ 158,056 | ¥ 1,176,718 |

| Fiscal Year Ended March 31, 2015 | Millions of U.S. Dollars | | | |
|---|---|---|---|---|
| | Trust Banking Business | Leasing Business | Other | Total |
| Income: | | | | |
| Unaffiliated Customers | $ 6,632 | $ 1,886 | $ 1,359 | $ 9,877 |

(Note) The figures represent income in substitution of net sales to be presented by companies in other industries.

### 2. Geographic Information

(1) Income

Income by geographical area for the year ended March 31, 2015, consists of the following:

| Fiscal Year Ended March 31, 2015 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | ¥ 1,031,215 | ¥ 56,765 | ¥ 46,505 | ¥ 52,587 | ¥ 1,187,074 |

| Fiscal Year Ended March 31, 2014 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | ¥ 1,076,224 | ¥ 38,393 | ¥ 20,308 | ¥ 41,791 | ¥ 1,176,718 |

| Fiscal Year Ended March 31, 2015 | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Japan | Americas | Europe | Asia and Oceania | Total |
| | $ 8,581 | $ 472 | $ 387 | $ 438 | $ 9,877 |

(Notes)

1) The figures represent Income in substitution for net sales to be presented by companies in other industries.

2) Income related to transactions by SuMi TRUST Bank (excluding oversea branches) and other domestic consolidated subsidiaries are presented under "Japan." Income related to transactions by overseas branches of SuMi TRUST Bank and foreign consolidated subsidiaries are presented under "Americas," "Europe," or "Asia and Oceania" based on the location of each overseas branch and subsidiary, reflecting their geographical proximity.

(2) Tangible Fixed Assets

More than 90% of SuMi TRUST Bank Group's tangible fixed assets on the consolidated balance sheets as of March 31, 2015 and 2014, are located in Japan; accordingly, tangible fixed assets by geographical area are not presented.

### 3. Information by Major Customer

Due to highly diversified income-generating transactions between SuMi TRUST Bank Group and a significantly large number of SuMi TRUST Bank Group's customers, transactions are not classified by major counterparty; accordingly, information by major customers is not presented.

## Information Related to Losses on Impairment of Fixed Assets by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

## Information Related to Amortization of Goodwill and Unamortized Balance of Goodwill by Reportable Segment

Information is not provided in this section because the same information is disclosed in the "Segment Information" section.

## Information Related to Gain on Negative Goodwill by Reportable Segment

There was no gain on negative goodwill by reportable segment during the fiscal years ended March 31, 2015 and 2014.

## Related Party Transactions

### 1. Related Party Transactions

There were no material transactions that need to be disclosed for the fiscal years ended March 31, 2015 and 2014.

### 2. Notes on the Parent Company or Significant Affiliated Companies

(1) Parent Company

Sumitomo Mitsui Trust Holdings, Inc. (listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange)

(2) Condensed Financial Information of Significant Affiliated Companies

There was no significant condensed financial information of significant affiliated companies for the fiscal year ended March 31, 2015 to be disclosed.

## Per Share of Common Stock Information

| | Yen | | U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Net Assets per Share of Common Stock | ¥ 1,419.86 | ¥ 1,181.15 | $ 11.81 |
| Net Income per Share of Common Stock | 90.11 | 77.52 | 0.75 |

(Notes)

1) Net assets per share of common stock and basis for calculation are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | As of March 31, 2015 | As of March 31, 2014 | As of March 31, 2015 |
| Net Assets as Reported | ¥ 2,568,141 | ¥ 2,278,489 | $ 21,369 |
| Less: | 190,524 | 300,610 | 1,585 |
| Issue Amount of Shares of Preferred Stock | — | 109,000 | — |
| Dividends on Shares of Preferred Stock | — | 2,305 | — |
| Minority Interests | 190,524 | 189,304 | 1,585 |
| Net Assets Attributable to Common Shareholders | 2,377,617 | 1,977,879 | 19,784 |
| The Number of Shares of Common Stock Outstanding (Thousands of Shares) | 1,674,537 | 1,674,537 | 1,674,537 |

2) Net income per share of common stock and basis for calculation are as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | As of March 31, 2015 | As of March 31, 2014 | As of March 31, 2015 |
| Net Income per Share of Common Stock | | | |
| Net Income | ¥ 153,203 | ¥ 134,427 | $ 1,275 |
| Net Income Not Attributable to Common Shareholders | 2,305 | 4,610 | 19 |
| Dividends on Shares of Preferred Stock | 2,305 | 4,610 | 19 |
| Net Income Attributable to Common Shareholders | 150,897 | 129,816 | 1,256 |
| Average Number of Shares of Common Stock Outstanding (Thousands of Shares) | 1,674,537 | 1,674,537 | 1,674,537 |

3) Fully-diluted net income per share of common stock and basis for calculation

Fully-diluted net income per share of common stock for the fiscal year ended March 31, 2015 and 2014 is not presented because there were no dilutive potential shares.

The potential shares that were excluded from the calculation of fully-diluted net income per share of common stock because they have no dilutive effect are as follows:

Consolidated subsidiary (Nikko Asset Management Co., Ltd.)

A description of these securities is presented in the subsection of the Notes to Consolidated Financial Statements "Stock Option Plans."

4) Change in Accounting Policies

As presented in the "Change in Accounting Policies" section, SuMi TRUST Bank applied the items prescribed in paragraph 35 of the Accounting Standard and paragraph 67 of the Guidance at the end of the fiscal year ended March 31, 2015. SuMi TRUST Bank adopted the transitional provision in paragraph 37 of the Accounting Standard.

As a result, the net asset per share as of the beginning of the fiscal year ended March 31, 2015 decreased by ¥18.44 (U.S. $0.15). The effect on net income per share of common stock is immaterial.

## Significant Subsequent Event

There were no significant subsequent events

Financial Data:

# Independent Auditors' Report

**Independent Auditor's Report**

To the Board of Directors of
Sumitomo Mitsui Trust Bank, Limited:

We have audited the accompanying consolidated financial statements of Sumitomo Mitsui Trust Bank, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statement of income, statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Mitsui Trust Bank, Limited and its consolidated subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

**Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in "Basis of Presentation of Financial Statements" to the consolidated financial statements.

KPMG AZSA LLC

June 26, 2015
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Financial Data:

# Non-Consolidated Balance Sheet (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
As of March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Cash and Due from Banks: | ¥ 8,170,551 | ¥ 5,614,828 | $ 67,986 |
| Cash | 183,002 | 144,991 | 1,523 |
| Due from Banks | 7,987,549 | 5,469,836 | 66,463 |
| Call Loans | 205,075 | 366,552 | 1,706 |
| Receivables under Resale Agreements | 136,188 | 88,069 | 1,133 |
| Receivables under Securities Borrowing Transactions | 310,806 | 289,377 | 2,586 |
| Monetary Claims Bought | 117,318 | 258,311 | 976 |
| Trading Assets: | 793,552 | 585,467 | 6,603 |
| Trading Account Securities | 15,731 | 20,283 | 131 |
| Derivatives of Trading Securities | 12 | 34 | 0 |
| Derivatives of Securities Related to Trading Transactions | 132 | 7 | 1 |
| Trading-Related Financial Derivatives | 543,699 | 330,074 | 4,524 |
| Other Trading Assets | 233,976 | 235,069 | 1,947 |
| Money Held in Trust | — | 12,000 | — |
| Securities: | 5,039,688 | 5,971,283 | 41,935 |
| Government Bonds | 925,063 | 1,533,384 | 7,697 |
| Local Government Bonds | 4,146 | 15,665 | 34 |
| Corporate Bonds | 591,274 | 617,916 | 4,920 |
| Stocks | 1,865,155 | 1,536,448 | 15,520 |
| Other Securities | 1,654,048 | 2,267,867 | 13,763 |
| Loans and Bills Discounted: | 25,826,433 | 24,034,244 | 214,898 |
| Bills Discounted | 2,811 | 3,580 | 23 |
| Loans on Bills | 401,373 | 369,347 | 3,340 |
| Loans on Deeds | 22,948,334 | 21,243,387 | 190,950 |
| Overdrafts | 2,473,914 | 2,417,928 | 20,585 |
| Foreign Exchanges: | 12,732 | 12,114 | 106 |
| Due from Foreign Banks | 12,732 | 12,114 | 106 |
| Other Assets: | 1,341,573 | 1,136,155 | 11,163 |
| Domestic Exchange Settlement Account, Debit | 1,246 | 585 | 10 |
| Prepaid Expenses | 3,284 | 4,730 | 27 |
| Accrued Income | 104,035 | 99,855 | 866 |
| Initial Margins of Futures Markets | 5,043 | 7,676 | 42 |
| Variation Margin of Futures Markets | 2,615 | — | 22 |
| Derivatives Other Than for Trading | 458,727 | 291,526 | 3,817 |
| Cash Collateral Pledged for Financial Instruments | 666,949 | 418,015 | 5,550 |
| Receivables for Securities Transactions | 31,697 | 203,056 | 264 |
| Other Assets | 67,972 | 110,708 | 566 |
| Tangible Fixed Assets: | 196,564 | 203,326 | 1,636 |
| Buildings | 62,394 | 64,914 | 519 |
| Land | 110,497 | 114,586 | 919 |
| Lease Assets | 1,832 | 1,488 | 15 |
| Construction in Progress | 1,770 | 767 | 15 |
| Other | 20,069 | 21,570 | 167 |
| Intangible Fixed Assets: | 45,478 | 90,515 | 378 |
| Software | 41,251 | 86,264 | 343 |
| Lease Assets | 43 | 64 | 0 |
| Other | 4,183 | 4,186 | 35 |
| Prepaid Pension Expenses | 179,627 | 227,175 | 1,495 |
| Customers' Liabilities for Acceptances and Guarantees | 396,865 | 317,332 | 3,302 |
| Allowance for Loan Losses | (66,997) | (84,089) | (557) |
| **Total Assets** | ¥ 42,705,462 | ¥ 39,122,664 | $ 355,346 |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Liabilities:** | | | |
| Deposits: | ¥ 24,855,580 | ¥ 24,072,972 | $ 206,820 |
| Current Deposits | 419,049 | 351,815 | 3,487 |
| Ordinary Deposits | 4,284,294 | 4,002,352 | 35,649 |
| Saving deposits | 2,334 | 2,353 | 19 |
| Deposits at Notice | 85,815 | 89,733 | 714 |
| Time Deposits | 19,043,808 | 18,680,319 | 158,461 |
| Other Deposits | 1,020,277 | 946,398 | 8,490 |
| Negotiable Certificates of Deposit | 6,758,067 | 5,304,179 | 56,233 |
| Call Money | 847,690 | 251,455 | 7,054 |
| Payables under Repurchase Agreements | 462,942 | 1,291,641 | 3,852 |
| Trading Liabilities: | 405,224 | 214,138 | 3,372 |
| Derivatives of Trading Securities | 92 | 22 | 1 |
| Derivatives of Securities Related to Trading Transactions | — | 9 | — |
| Trading-Related Financial Derivatives | 405,132 | 214,106 | 3,371 |
| Borrowed Money: | 2,128,188 | 1,574,581 | 17,708 |
| Borrowing from Other Banks | 2,128,188 | 1,574,581 | 17,708 |
| Foreign Exchanges: | 140 | 228 | 1 |
| Due to Foreign Banks | 128 | 208 | 1 |
| Foreign Bills Payable | 11 | 19 | 0 |
| Short-Term Bonds Payable | 727,157 | 667,403 | 6,051 |
| Bonds Payable | 952,607 | 995,826 | 7,927 |
| Borrowed Money from Trust Account | 1,644,822 | 1,342,001 | 13,686 |
| Other Liabilities: | 1,108,508 | 971,748 | 9,224 |
| Domestic Exchange Settlement Account, Credit | 315 | 622 | 3 |
| Income Taxes Payable | 23,784 | 8,202 | 198 |
| Accrued Expenses | 92,776 | 126,435 | 772 |
| Unearned Revenue | 2,027 | 2,048 | 17 |
| Variation Margin of Futures Markets | 2,384 | 2,530 | 20 |
| Trading Account Securities Borrowed | — | 3,027 | — |
| Derivatives Other Than for Trading | 778,932 | 517,757 | 6,481 |
| Lease Obligations | 2,152 | 1,558 | 18 |
| Asset Retirement Obligations | 5,164 | 3,375 | 43 |
| Cash Collateral Accepted for Financial Instruments | 133,902 | 157,861 | 1,114 |
| Payables for Securities Transactions | 6,772 | 123,927 | 56 |
| Other | 60,296 | 24,400 | 502 |
| Provision for Bonuses | 9,657 | 8,787 | 80 |
| Provision for Directors' Bonuses | 110 | 105 | 1 |
| Provision for Retirement Benefits | 640 | 628 | 5 |
| Provision for Reimbursement of Deposits | 3,598 | 3,917 | 30 |
| Provision for Contingent Losses | 8,533 | 8,800 | 71 |
| Deferred Tax Liabilities | 163,270 | 61,793 | 1,359 |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | 3,954 | 28 |
| Acceptances and Guarantees | 396,865 | 317,332 | 3,302 |
| **Total Liabilities** | ¥ 40,476,928 | ¥ 37,091,495 | $ 336,803 |
| **Net Assets:** | | | |
| Total Shareholders' Equity: | ¥ 1,726,208 | ¥ 1,788,176 | $ 14,364 |
| Capital Stock | 342,037 | 342,037 | 2,846 |
| Capital Surplus: | 492,252 | 601,259 | 4,096 |
| Legal Capital Surplus | 273,016 | 273,016 | 2,272 |
| Other Capital Surplus | 219,236 | 328,242 | 1,824 |
| Retained Earnings: | 891,919 | 844,879 | 7,422 |
| Legal Retained Earnings | 69,020 | 69,020 | 574 |
| Other Retained Earnings: | 822,898 | 775,858 | 6,847 |
| Other Voluntary Reserves | 371,870 | 371,870 | 3,094 |
| Retained Earnings Brought Forward | 451,028 | 403,988 | 3,753 |
| Total Valuation and Translation Adjustments: | 502,324 | 242,992 | 4,180 |
| Valuation Difference on Available-for-Sale Securities | 512,775 | 247,804 | 4,267 |
| Deferred Gains (Losses) on Hedges | (10,357) | (6,434) | (86) |
| Revaluation Reserve for Land | (93) | 1,622 | (1) |
| **Total Net Assets** | ¥ 2,228,533 | ¥ 2,031,168 | $ 18,543 |
| **Total Liabilities and Net Assets** | ¥ 42,705,462 | ¥ 39,122,664 | $ 355,346 |

Financial Data:

# Non-Consolidated Statement of Income (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Income:** | | | |
| Trust Fees | ¥ 99,231 | ¥ 99,302 | $ 826 |
| Interest Income: | 355,133 | 348,379 | 2,955 |
| Interest on Loans and Discounts | 251,049 | 236,593 | 2,089 |
| Interest and Dividends on Securities | 86,557 | 98,462 | 720 |
| Interest on Call Loans and Bills Bought | 1,187 | 850 | 10 |
| Interest on Receivables under Resale Agreements | 883 | 726 | 7 |
| Interest on Receivables under Securities Borrowing Transactions | 56 | 141 | 0 |
| Interest on Due from Banks | 13,229 | 9,583 | 110 |
| Other Interest Income | 2,169 | 2,021 | 18 |
| Fees and Commissions: | 182,915 | 176,725 | 1,522 |
| Fees and Commissions on Domestic and Foreign Exchanges | 1,531 | 1,579 | 13 |
| Other Fees and Commissions | 181,384 | 175,145 | 1,509 |
| Trading Income: | 32,428 | 24,604 | 270 |
| Gains on Trading Account Securities Transactions | 1,276 | 193 | 11 |
| Income from Securities and Derivatives Related to Trading Transactions | 343 | — | 3 |
| Income from Trading-Related Financial Derivatives Transactions | 30,455 | 23,952 | 253 |
| Other Trading Income | 353 | 458 | 3 |
| Other Ordinary Income: | 70,889 | 47,481 | 590 |
| Gains on Sales of Bonds | 69,248 | 32,691 | 576 |
| Gains on Derivatives Other Than for Trading-Assets | — | 13,342 | — |
| Other | 1,640 | 1,448 | 14 |
| Other Income: | 69,098 | 82,170 | 575 |
| Reversal of Allowance for Loan Losses | 17,314 | 6,293 | 144 |
| Recoveries of Written-Off Claims | 1,240 | 1,263 | 10 |
| Gains on Sales of Stocks and Other Securities | 40,281 | 57,056 | 335 |
| Gains on Money Held in Trust | 600 | 600 | 5 |
| Other | 9,662 | 16,956 | 80 |
| **Total Income** | ¥ 809,696 | ¥ 778,665 | $ 6,737 |

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Expenses:** | | | |
| Interest Expenses: | ¥ 130,707 | ¥ 140,470 | $ 1,088 |
| Interest on Deposits | 67,347 | 72,603 | 560 |
| Interest on Negotiable Certificates of Deposit | 11,241 | 8,704 | 94 |
| Interest on Call Money and Bills Sold | 1,860 | 1,756 | 15 |
| Interest on Payables under Repurchase Agreements | 1,146 | 1,102 | 10 |
| Interest on Payables under Securities Lending Transactions | 16 | 82 | 0 |
| Interest on Borrowings and Rediscounts | 13,306 | 17,154 | 111 |
| Interest on Short-Term Bonds | 1,241 | 1,071 | 10 |
| Interest on Bonds | 18,986 | 18,953 | 158 |
| Interest on Interest Swaps | 7,292 | 11,533 | 61 |
| Other Interest Expenses | 8,268 | 7,508 | 69 |
| Fees and Commissions Payments: | 72,059 | 72,439 | 600 |
| Fees and Commissions on Domestic and Foreign Exchanges | 868 | 820 | 7 |
| Other Fees and Commissions | 71,190 | 71,619 | 592 |
| Trading Expenses: | — | 228 | — |
| Expenses on Securities and Derivatives Related to Trading Transactions | — | 228 | — |
| Other Ordinary Expenses: | 43,605 | 21,815 | 363 |
| Loss on Foreign Exchange Transactions | 412 | 4,144 | 3 |
| Loss on Sale of Bonds | 5,835 | 16,942 | 49 |
| Expenses on Derivatives Other Than for Trading or Hedging | 36,791 | — | 306 |
| Other Ordinary Expenses | 565 | 728 | 5 |
| General and Administrative Expenses | 266,863 | 268,802 | 2,221 |
| Other Expenses: | 126,480 | 88,941 | 1,052 |
| Written-Off Loans | 173 | 215 | 1 |
| Losses on Sales of Stocks and Other Securities | 36,150 | 52,524 | 301 |
| Losses on Devaluation of Stocks and Other Securities | 2,057 | 6,735 | 17 |
| Loss on Money Held in Trust | — | 0 | — |
| Impairment Loss | 4,830 | 1,612 | 40 |
| Other | 83,268 | 27,851 | 693 |
| **Total Expenses** | ¥ 639,717 | ¥ 592,697 | $ 5,323 |
| **Income before Income Taxes** | ¥ 169,979 | ¥ 185,967 | $ 1,414 |
| Income Taxes: | ¥ 39,432 | ¥ 69,965 | $ 328 |
| Current | 33,396 | 8,405 | 278 |
| Deferred | 6,035 | 61,559 | 50 |
| **Net Income** | ¥ 130,546 | ¥ 116,002 | $ 1,086 |

| | Yen | | U.S. Dollars |
|---|---|---|---|
| **Net Income per Share of Common Stock** | ¥ 76.58 | ¥ 66.52 | $ 0.64 |

Financial Data:

# Non-Consolidated Statement of Changes in Net Assets (Unaudited)

Sumitomo Mitsui Trust Bank, Limited
For the fiscal years ended March 31, 2015 and 2014

From April 1, 2014 to March 31, 2015

| | Millions of Yen | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | | | | |
| | Capital Stock | Capital Surplus | | | Retained Earnings | | | Treasury Stock | Total Shareholders' Equity |
| | | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Legal Retained Earnings | Other Retained Earnings | Total Retained Earnings | | |
| Balance at the Beginning of the Year | ¥ 342,037 | ¥ 273,016 | ¥ 328,242 | ¥ 601,259 | ¥ 69,020 | ¥ 775,858 | ¥ 844,879 | ¥ — | ¥ 1,788,176 |
| Cumulative Effect of Changes in Accounting Policies | | | | | | (30,062) | (30,062) | | (30,062) |
| Balance at the Beginning of the Year after the Cumulative Effect | 342,037 | 273,016 | 328,242 | 601,259 | 69,020 | 745,796 | 814,817 | — | 1,758,113 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | (55,499) | (55,499) | | (55,499) |
| Net Income | | | | | | 130,546 | 130,546 | | 130,546 |
| Purchase of Treasury Stock | | | | | | | | (109,006) | (109,006) |
| Retirement of Treasury Stock | | | (109,006) | (109,006) | | | | 109,006 | — |
| Reversal of Revaluation Reserve for Land | | | | | | 2,054 | 2,054 | | 2,054 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | | | | |
| Total Changes during the Year | — | — | (109,006) | (109,006) | — | 77,101 | 77,101 | — | (31,904) |
| Balance at the End of the Year | ¥ 342,037 | ¥ 273,016 | ¥ 219,236 | ¥ 492,252 | ¥ 69,020 | ¥ 822,898 | ¥ 891,919 | ¥ — | ¥ 1,726,208 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Valuation and Translation Adjustments | | | | Total Net Assets |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Total Valuation and Translation Adjustments | |
| Balance at the Beginning of the Year | ¥ 247,804 | ¥ (6,434) | ¥ 1,622 | ¥ 242,992 | ¥ 2,031,168 |
| Cumulative Effect of Changes in Accounting Policies | | | | | (30,062) |
| Balance at the Beginning of the Year after the Cumulative Effect | 247,804 | (6,434) | 1,622 | 242,992 | 2,001,106 |
| Changes during the Year | | | | | |
| Cash Dividends | | | | | (55,499) |
| Net Income | | | | | 130,546 |
| Purchase of Treasury Stock | | | | | (109,006) |
| Retirement of Treasury Stock | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | 2,054 |
| Net Changes of Items Other Than Shareholders' Equity | 264,970 | (3,922) | (1,715) | 259,332 | 259,332 |
| Total Changes during the Year | 264,970 | (3,922) | (1,715) | 259,332 | 227,427 |
| Balance at the End of the Year | ¥ 512,775 | ¥ (10,357) | ¥ (93) | ¥ 502,324 | ¥ 2,228,533 |

From April 1, 2013 to March 31, 2014

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | | | |
| | Capital Stock | Capital Surplus | | | Retained Earnings | | | Total Shareholders' Equity |
| | | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Legal Retained Earnings | Other Retained Earnings | Total Retained Earnings | |
| Balance at the Beginning of the Year | ¥ 342,037 | ¥ 273,016 | ¥ 335,778 | ¥ 608,794 | ¥ 69,020 | ¥ 687,964 | ¥ 756,985 | ¥ 1,707,817 |
| Changes during the Year | | | | | | | | |
| Cash Dividends | | | (7,535) | (7,535) | | (29,350) | (29,350) | (36,886) |
| Net Income | | | | | | 116,002 | 116,002 | 116,002 |
| Reversal of Revaluation Reserve for Land | | | | | | 1,241 | 1,241 | 1,241 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | | | |
| Total Changes during the Year | — | — | (7,535) | (7,535) | — | 87,893 | 87,893 | 80,358 |
| Balance at the End of the Year | ¥ 342,037 | ¥ 273,016 | ¥ 328,242 | ¥ 601,259 | ¥ 69,020 | ¥ 775,858 | ¥ 844,879 | ¥ 1,788,176 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Valuation and Translation Adjustments | | | | Total Net Assets |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Total Valuation and Translation Adjustments | |
| Balance at the Beginning of the Year | ¥ 181,641 | ¥ (7,609) | ¥ 2,864 | ¥ 176,896 | ¥ 1,884,714 |
| Changes during the Year | | | | | |
| Cash Dividends | | | | | (36,886) |
| Net Income | | | | | 116,002 |
| Reversal of Revaluation Reserve for Land | | | | | 1,241 |
| Net Changes of Items Other Than Shareholders' Equity | 66,163 | 1,174 | (1,241) | 66,095 | 66,095 |
| Total Changes during the Year | 66,163 | 1,174 | (1,241) | 66,095 | 146,454 |
| Balance at the End of the Year | ¥ 247,804 | ¥ (6,434) | ¥ 1,622 | ¥ 242,992 | ¥ 2,031,168 |

From April 1, 2014 to March 31, 2015

| | Millions of U.S. Dollars | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Shareholders' Equity | | | | | | | | |
| | Capital Stock | Capital Surplus | | | Retained Earnings | | | Treasury Stock | Total Shareholders' Equity |
| | | Legal Capital Surplus | Other Capital Surplus | Total Capital Surplus | Legal Retained Earnings | Other Retained Earnings | Total Retained Earnings | | |
| Balance at the Beginning of the Year | $ 2,846 | $ 2,272 | $ 2,731 | $ 5,003 | $ 574 | $ 6,456 | $ 7,030 | $ — | $ 14,879 |
| Cumulative Effect of Changes in Accounting Policies | | | | | | (250) | (250) | | (250) |
| Balance at the Beginning of the Year after the Cumulative Effect | 2,846 | 2,272 | 2,731 | 5,003 | 574 | 6,206 | 6,780 | — | 14,629 |
| Changes during the Year | | | | | | | | | |
| Cash Dividends | | | | | | (462) | (462) | | (462) |
| Net Income | | | | | | 1,086 | 1,086 | | 1,086 |
| Purchase of Treasury Stock | | | | | | | | (907) | (907) |
| Retirement of Treasury Stock | | | (907) | (907) | | | | 907 | — |
| Reversal of Revaluation Reserve for Land | | | | | | 17 | 17 | | 17 |
| Net Changes of Items Other Than Shareholders' Equity | | | | | | | | | |
| Total Changes during the Year | — | — | (907) | (907) | — | 642 | 642 | — | (265) |
| Balance at the End of the Year | $ 2,846 | $ 2,272 | $ 1,824 | $ 4,096 | $ 574 | $ 6,847 | $ 7,422 | $ — | $ 14,364 |

| | Millions of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Valuation and Translation Adjustments | | | | Total Net Assets |
| | Valuation Differences on Available-for-Sale Securities | Deferred Gains (Losses) on Hedges | Revaluation Reserve for Land | Total Valuation and Translation Adjustments | |
| Balance at the Beginning of the Year | $ 2,062 | $ (54) | $ 14 | $ 2,022 | $ 16,901 |
| Cumulative Effect of Changes in Accounting Policies | | | | | (250) |
| Balance at the Beginning of the Year after the Cumulative Effect | 2,062 | (54) | 14 | 2,022 | 16,651 |
| Changes during the Year | | | | | |
| Cash Dividends | | | | | (462) |
| Net Income | | | | | 1,086 |
| Purchase of Treasury Stock | | | | | (907) |
| Retirement of Treasury Stock | | | | | — |
| Reversal of Revaluation Reserve for Land | | | | | 17 |
| Net Changes of Items Other Than Shareholders' Equity | 2,205 | (33) | (14) | 2,158 | 2,158 |
| Total Changes during the Year | 2,205 | (33) | (14) | 2,158 | 1,892 |
| Balance at the End of the Year | $ 4,267 | $ (86) | $ (1) | $ 4,180 | $ 18,543 |

Financial Data:

# Statements of Trust Account (Unaudited)

Sumitomo Mitsui Trust Bank, Limited and its Consolidated Subsidiaries
Fiscal years ended March 31, 2015 and 2014

| As of March 31 | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Assets:** | | | |
| Loans and Bills Discounted (Note 2) | ¥ 781,607 | ¥ 541,613 | $ 6,504 |
| Securities (Note 3) | 1,578,475 | 1,254,913 | 13,134 |
| Beneficiary Rights | 115,609,148 | 104,647,873 | 961,967 |
| Securities Held in Custody Accounts | 35,222 | 38,156 | 293 |
| Monetary Claims | 11,409,536 | 10,657,129 | 94,937 |
| Tangible Fixed Assets | 11,575,379 | 10,024,054 | 96,317 |
| Intangible Fixed Assets | 119,569 | 113,341 | 995 |
| Other Claims | 9,519,700 | 7,618,457 | 79,212 |
| Call Loans | 26,900 | 35,200 | 224 |
| Loans to Banking Account | 1,644,822 | 1,342,001 | 13,686 |
| Cash and Due from Banks | 364,597 | 521,978 | 3,034 |
| **Total Assets** | ¥ 152,664,958 | ¥ 136,794,720 | $ 1,270,303 |
| **Liabilities:** | | | |
| Money Trusts (Note 4) | 23,921,609 | 21,632,399 | 199,048 |
| Pension Trusts | 16,916,103 | 16,341,006 | 140,756 |
| Property Formation Benefit Trusts | 18,422 | 20,102 | 153 |
| Loan Trusts (Note 5) | 14,025 | 32,322 | 117 |
| Securities Investment Trusts | 51,756,056 | 43,472,286 | 430,654 |
| Money in Trust Other Than Money Trusts | 7,090,447 | 5,322,528 | 58,999 |
| Securities Trusts | 21,204,414 | 21,506,508 | 176,439 |
| Money Claims in Trust | 11,514,703 | 10,934,451 | 95,812 |
| Movables in Trust | — | 0 | 0 |
| Real Estate in Trust | 113,826 | 114,418 | 947 |
| Composite Trusts | 20,115,348 | 17,418,697 | 167,377 |
| **Total Liabilities** | ¥ 152,664,958 | ¥ 136,794,720 | $ 1,270,303 |

See Notes to Statements of Trust Account (Unaudited).

# Notes to Statements of Trust Account (Unaudited)



## 1. Trust Accounts

Under the Trust Act of Japan, trust activities must be administered separately from a commercial banking business. As a result, assets accepted in trust must be segregated from the assets held by SuMi TRUST Bank. Within the general category of trust accounts, each trust account is segregated from other trust assets. Accordingly, the financial statements of SuMi TRUST Bank do not reflect SuMi TRUST Bank's records as to the assets accepted in trust, which are maintained separately under the trust account.

Under certain trust agreements, repayments of the principal of the customers' trust assets are guaranteed by SuMi TRUST Bank, and such guaranteed principal as of March 31, 2015 and 2014, was ¥1,614,013 million (U.S. $13,430 million) and ¥1,365,323 million, respectively.

The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan. The translation has been made at the rate of ¥120.18 to U.S. $1, the approximate rate of exchange as of March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Amounts less than one million Japanese yen and one million U.S. dollars have been rounded down. As a result, the total may not be equal to the sum of individual amounts.

Each amount presented in the statements of trust account as of March 31, 2015 and 2014, is the sum of trust accounts in SuMi TRUST Bank and JTSB. Re-entrust amounts between these consolidated subsidiaries for asset management are excluded from the amounts presented in the statements of trust account.

## 2. Loans and Bills Discounted

Loans as of March 31, 2015 and 2014 consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Loans on Deeds | ¥ 470,902 | ¥ 324,008 | $ 3,918 |
| Loans on Bills | 310,705 | 217,605 | 2,585 |
| Total | ¥ 781,607 | ¥ 541,613 | $ 6,504 |

The balances of guaranteed trust account loans as of March 31, 2015 and 2014 stood at ¥67,928 million (U.S. $565 million) and ¥91,276 million respectively, which included the following:

Under certain trust agreements, repayment of the principal of customers' trust assets are guaranteed by SuMi TRUST Bank, and loans on such guaranteed trust assets as of March 31, 2015 and 2014, included the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Other Delinquent Loans | ¥ 5,537 | ¥ 24,604 | $ 46 |
| Restructured Loans | 1,033 | 300 | 9 |
| Total | ¥ 6,570 | ¥ 24,904 | $ 55 |

## 3. Securities

Securities held as of March 31, 2015 and 2014 consisted of the following:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Government Bonds | ¥ 663,729 | ¥ 727,825 | $ 5,523 |
| Local Government Bonds | 29 | 29 | 0 |
| Stocks | 5,267 | 103 | 44 |
| Other Securities | 909,448 | 526,954 | 7,567 |
| Total | ¥ 1,578,475 | ¥ 1,254,913 | $13,134 |

## 4. Balance of Money Trusts

The principal amount of certain money trusts is guaranteed and the balance of these accounts is as follows:

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Assets: | | | |
| Loans and Bills Discounted | ¥ 67,928 | ¥ 91,276 | $ 565 |
| Securities | 29 | 30 | 0 |
| Other | 1,532,845 | 1,243,731 | 12,755 |
| Total | ¥ 1,600,804 | ¥ 1,335,037 | $ 13,320 |
| Liabilities: | | | |
| Principal | 1,600,514 | 1,333,794 | 13,318 |
| Allowance for Impairment of Guaranteed Trust Principal | 162 | 76 | 1 |
| Other | 127 | 1,166 | 1 |
| Total | ¥ 1,600,804 | ¥ 1,335,037 | $ 13,320 |

In the case of certain money trusts, the principal amount is guaranteed, and as the above table indicates, an allowance for the impairment of guaranteed trust principal is set aside by SuMi TRUST Bank. The figures in the table include funds re-entrusted from other trusts managed by SuMi TRUST Bank.

## 5. Balance of Loan Trusts

The balance of loan trusts is as follows (the figures in the table include funds re-entrusted from other trusts managed by SuMi TRUST Bank):

| | Millions of Yen | | Millions of U.S. Dollars |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| Assets: | | | |
| Loans and Bills Discounted | ¥ — | ¥ — | $ — |
| Securities | — | — | — |
| Other | 14,025 | 32,322 | 117 |
| Total | ¥ 14,025 | ¥ 32,322 | $ 117 |
| Liabilities: | | | |
| Principal | 13,498 | 31,528 | 112 |
| Special Reserve Fund | 71 | 249 | 1 |
| Other | 455 | 544 | 4 |
| Total | ¥ 14,025 | ¥ 32,322 | $ 117 |

As in certain money trusts, the principal amount of loan trusts is guaranteed, and as the above table indicates, a special reserve fund is set aside by SuMi TRUST Bank.

This section outlines matters to be stated in explanatory documents relating to the fiscal year separately stipulated by the Director-General of the Financial Services Agency (Notification No. 15 of Financial Services Agency, March 23, 2007) with regard to the status of capital adequacy as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Enforcement Regulations of the Banking Act (Ministry of Finance Ordinance No. 10, 1982), as well as the matters regarding compensation separately stipulated by the Director-General of the Financial Services Agency (Notification No. 21 of Financial Services Agency, March 29, 2012) as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, according to Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Enforcement Regulations of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure is with respect to Sumitomo Mitsui Trust Holdings, Inc. as of the end of March 2015, unless otherwise stated specifically.

## Capital Adequacy Ratio Qualitative Disclosure Data:

### Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”)

1. Overview of Risk Management 274
2. Compliance with BIS Capital Adequacy Regulations 276

## Compensation Disclosure Data:

### Sumitomo Mitsui Trust Holdings, Inc. (“SuMi TRUST Holdings”)

Capital Adequacy Ratio Qualitative Disclosure Data:

# Sumitomo Mitsui Trust Holdings, Inc.

## 1. Overview of Risk Management

### (1) Basic Policies on Risk Management

Sumitomo Mitsui Trust Group (the "SuMi TRUST Group") is working to improve its risk management system based on recognition of the fact that ensuring the sound and stable management of the entire SuMi TRUST Group and each subsidiary in the SuMi TRUST Group is vital to the improvement of corporate value, and, to that end, risk management is one of the most important functions.

Risk management aims to accurately recognize risk status, and implement necessary countermeasures regarding risks, through a series of activities, which include risk identification, assessment, monitoring, control and reduction, in order to ensure sound management. The SuMi TRUST Group manages risks in the SuMi TRUST Group and comprehensively measures risks unique to the group organization that each group company cannot recognize alone, such as the spread of risks within the SuMi TRUST Group. It manages these risks by comparing them with the SuMi TRUST Group's overall financial strength (Enterprise Risk Management). In addition, of the risks subject to Enterprise Risk Management, the SuMi TRUST Group combines risks which are quantifiable with unified criteria, and quantitatively manages risks held by the SuMi TRUST Group (Integrated Risk Management).

### (2) Risk Categories and Management System

The SuMi TRUST Group defines risk categories by type of risks to be managed, namely credit risk, market risk, funding risk and operational risk.

The SuMi TRUST Group positions supervision of risk management for the entire SuMi TRUST Group as one of the most important functions of the holding company, SuMi TRUST Holdings. SuMi TRUST Holdings aims to improve and upgrade its risk management system by establishing Risk Management Rules as a basic agenda for risk management in the SuMi TRUST Group and formulates policies and plans for each fiscal year with respect to risk management in the SuMi TRUST Group.

SuMi TRUST Holdings has instituted the Risk Management Department as a department to supervise the overall SuMi TRUST Group risk management and monitor the risk status of the SuMi TRUST Group, and to also issue instructions and provide guidance to each group company on development of proper risk management systems.

At each group company, in order for risk management policies determined by SuMi TRUST Holdings to be carried out, systems for proper risk management corresponding to risk characteristics and each business have been put into place.

The Board of Directors of SuMi TRUST Holdings obtains necessary information from each group company, performs monitoring, appraisal and analysis of the risk status of the SuMi TRUST Group, and carries out proper risk management so that sound management is ensured.

Additionally, the directors of SuMi TRUST Holdings and each group company duly recognize the fact that risk management has a material impact on the achievement of their strategic targets, and the executive officers in charge of the risk management-related departments strive to accurately recognize the status of risks and examine policies and specific measures, based on a sufficient understanding of source, type and characteristics of risks and methods and importance of risk management. The roles and responsibilities of directors and executive officers in charge of the risk management-related departments are specified in the respective Risk Management Rules provided by SuMi TRUST Holdings and each group company.

### (3) Integrated Risk Management and Risk Capital Allocation

#### 1) Integrated Risk Management System

The SuMi TRUST Group has built an integrated risk management system to serve as a framework for risk management to secure sound management by keeping risks within the limits of management's strengths. In integrated risk management, the SuMi TRUST Group manages risks according to the characteristic of each risk category, while it combines each risk by quantifying them by using unified criteria such as VaR, and comprehensively ascertains, appraises, and manages these risks by comparing them with the SuMi TRUST Group's overall financial strength. The results of this risk status monitoring are reported to the Executive Committee, the Board of Directors and others on a regular basis.

#### 2) Risk Capital Allocation Operations

For the purpose of the SuMi TRUST Group's capital allocation operations, SuMi TRUST Holdings assesses capital adequacy level, in consideration of the external environment, risk-return performance status, strategic targets, and the results

of its stress test, and allocates capital of the SuMi TRUST Group to each group company based on its risks (credit risk, market risk, and operational risk). The risk capital allocation plan is subject to the approval of the Board of Directors.

Each group company operates its business in compliance with the allocated amount of risk capital (risk capital). The risk management supervision department monitors adherence to the allocated risk capital (risk capital) and the risk amount status on a monthly basis and reports to the Board of Directors and others.

The risk capital allocation plan is reexamined semiannually, and also whenever deemed necessary due to modifications to the business plan of any one of the group companies or changes in risk status, etc.

### 3) Assessment of Capital Adequacy Level, Capital Strategy

The capital management departments assess the level of capital adequacy from the viewpoint of soundness each time a risk capital allocation plan is formulated or reexamined, and reports to the Board of Directors and others.

The SuMi TRUST Group assesses capital adequacy level multilaterally by establishing multiple definitions of capital and risk as follows.

From the viewpoint of ensuring business continuity, the SuMi TRUST Group assesses the capital adequacy level by comparing the amount of risk with a confidence interval of 99% with the regulatory required Common Equity Tier 1 capital (allocation fund). Also, from the viewpoint of depositor protection, it compares the amount of risk with a confidence interval of 99.9% and the amount of risk with a confidence interval of 99% after the consideration of stress events with the regulatory required total capital.

### 4) Stress Testing

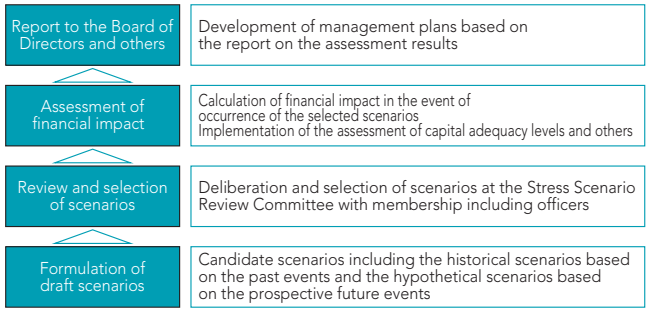
It is becoming increasingly important to develop and review countermeasures beforehand, against contingencies such as a financial crisis. These measures should be based on prior analysis and recognition of the impact on corporate management and finance, in the event of materialization of the stress event.

The SuMi TRUST Group conducts stress tests under the risk capital allocation plan (economic capital) and the capital adequacy ratio plan (regulatory capital), and utilizes the result for purposes including assessment of capital adequacy levels and development of countermeasures against the occurrence of the risks (contingency plan) when formulating management plans.

• The framework of Stress Testing

The Stress Scenarios Review Committee, whose members include officers, select conclusive scenarios to be used for formulating plans. These are based on a review from the viewpoints of probability of occurrence as well as the impact to the SuMi TRUST Group. The scenarios are developed by the Research Department and the Risk Management Department. Some assume the recurrence of an event that actually took place in the past 10 to 20 year period with significant impact on SuMi TRUST Holdings' portfolio (historical scenarios) and forward-looking scenarios (hypothetical scenarios) with relatively high probabilities of occurrence depending on the market environment with significant impact on the corporate management. After estimating amount of loss in the event of occurrence of risks is calculated based on the selected scenarios. This loss is reported to the Board of Directors and others along with an assessment of its impact on the level of capital adequacy.

• Stress test framework



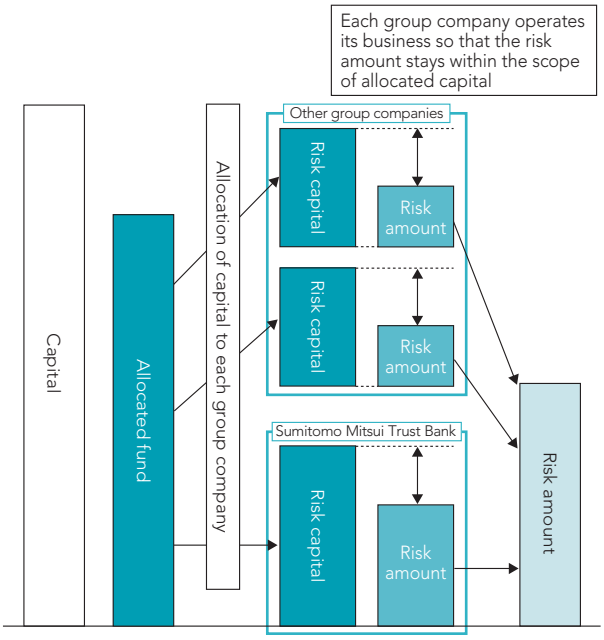

### 5) Capital Adequacy Status

Under the risk capital allocation plan, against total capital of ¥2,843.5 billion (Common Equity Tier 1 capital of ¥2,065.1 billion) of SuMi TRUST Holdings on a consolidated basis, the allocated risk capital (risk capital) is ¥1,489.9 billion. Risk capital actually used (risk amount) is ¥998.8 billion. In addition, the balance between total capital (risk capital) and allocation fund, about ¥1,353.6 billion, is at a sufficient level according to the results of stress tests.

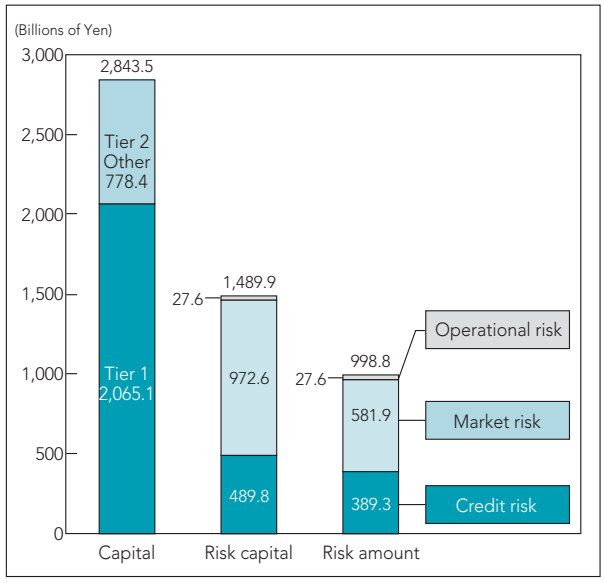
### 6) Upgrading of Integrated Risk Management and Capital Management Systems

The SuMi TRUST Group will continuously verify the scope of risk to be managed, risk measurement methods, risk capital

• Capital Allocation Scheme




• Capital and Risk Capital
(within a 99% confidence interval, 1 year holding period)




allocation methods, capital adequacy level assessment methods, etc., so that integrated risk management and capital management will be more effective, and will strive to improve and upgrade the systems.

**(4) Business Continuity Management**

The SuMi TRUST Group has established an emergency-response framework. In the case of an emergency headquarters headed by the President would be set up for quick and appropriate responses.

Furthermore, to achieve uninterrupted business continuity while ensuring the safety of our clients, officers and employees, as well as their family members, the SuMi TRUST Group also has in place a business continuity plan (BCP). Regular training and reviews of the plan's content are conducted so that it continues to be effective.

## 2. Compliance with BIS Capital Adequacy Regulations

**(1) Compliance with BIS Capital Adequacy Regulations**

Basel Ⅲ capital adequacy ratio (CAR) rules, which are aimed at improving the quality and quantity of equity capital and bolstering risk recognition, took effect as the rules for Japan from the end of March 2013, replacing Basel Ⅱ rules, which have been in effect since the end of March 2007. While enabling greater refinement in the assessment of risks facing financial institutions, the Basel Ⅲ CAR rules also seek to encourage financial institutions to enhance their risk management capabilities and comprise the following "Three Pillars."

The SuMi TRUST Group has established a system to comply with the regulations in the course of integrated risk management. Moreover, it is committed to further enhancing its risk management performance by constantly stepping up its compliance with new international financial regulations. As part of these efforts, the SuMi TRUST Group adopted the Advanced IRB Approach to credit risks from the end of March 2015, and the Advanced Measurement Approach to operational risks from the end of March 2014 in the calculation of the capital adequacy ratio.

1) "The First Pillar"

The first pillar is designed to manage the required capital calculated under the regulation-prescribed methods. An internationally active bank is required to have a minimal capital against the aggregate of credit risk, market risk and operational risk, in addition to further elaborating the measurement of credit risk.

Banks are to choose risk methods according to their internal risk management frameworks, and we have adopted the approaches indicated on the next page.

### 2) "The Second Pillar"

The second pillar comprises the management of overall risks, including "interest rate risk in the banking account" and "credit concentration risk," which are particularly important among risks not covered by the first pillar, by the banks themselves, and the examination of the banks' capital adequacy by the banking supervisory authorities through the processes of evaluation and supervision. It is aimed at maintaining and improving the soundness of the management of banks. The SuMi TRUST Group is managing these risks within the internal risk management framework.

### 3) "The Third Pillar"

The third pillar is designed to aim at maintaining and improving the soundness of bank management by enhancing information disclosure regarding matters related to the first and second pillars, such as capital adequacy and risk management, thereby increasing the effectiveness of market discipline to be exerted on banks.

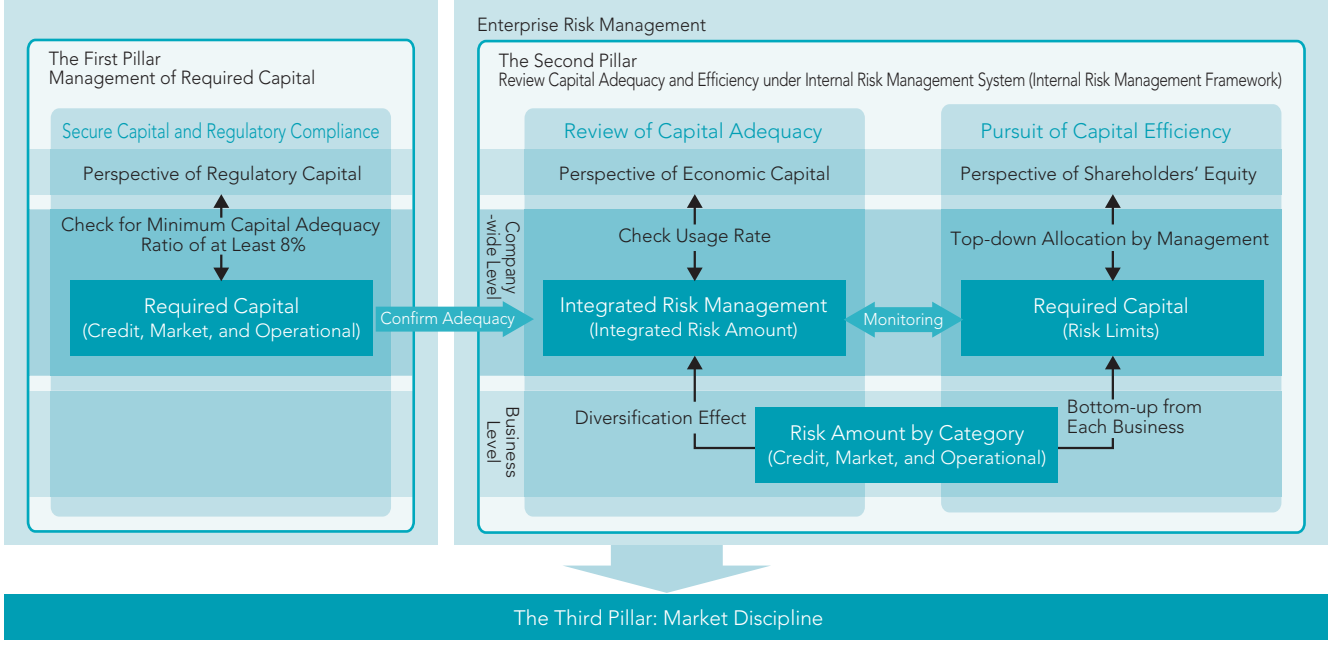
## • Method and Calculation

$$\text{Capital Adequacy Ratio} = \frac{\text{Total Qualifying Capital}}{\text{Credit Risk + Market Risk + Operational Risk}}$$

| | Sumitomo Mitsui Trust Holdings | Sumitomo Mitsui Trust Bank |
|---|---|---|
| Credit Risk | Advanced Internal Ratings-Based (IRB) Approach* | Advanced Internal Ratings-Based (IRB) Approach* |
| Market Risk | Internal Models Approach | Internal Models Approach |
| Operational Risk | Advanced Measurement Approach | Advanced Measurement Approach |

* Applicable primarily to the exposures to domestic corporations, sovereigns and financial institutions

## • Framework for Risk Management at the SuMi TRUST Group



Compensation Disclosure Data:

# Sumitomo Mitsui Trust Holdings, Inc.

## 1. Development Status of Organizational Structures Concerning Compensation for Applicable Officers and Employees within the SuMi TRUST Holdings Group

### (1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively the "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

#### (i) Scope of the "Applicable Officers"

Applicable officers include directors and corporate auditors of SuMi TRUST Holdings, but exclude external directors and external auditors.

#### (ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Holdings' officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Holdings and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

#### (a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Holdings Group's management, namely Sumitomo Mitsui Trust Bank, Limited and Japan Trustee Services Bank, Ltd.

#### (b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Holdings or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Holdings Group. This threshold amount has been determined based on the average compensation for officers paid in fiscal year 2014 (excluding the compensation paid to the officers who were newly appointed or retired in the fiscal year), and is commonly applicable across all significant consolidated subsidiaries, as more or less the same level and system of compensation is shared among all significant consolidated subsidiaries.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

#### (c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Holdings Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Holdings, the SuMi TRUST Holdings Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers of SuMi TRUST Holdings and employees equivalent to general managers in the departments involving loan operations and market risk management.

### (2) Determination of Compensation for Applicable Officers and Employees

#### (i) Determination of Compensation for Applicable Officers

SuMi TRUST Holdings determines the total amount of compensation for officers based on decisions made at the General Meeting of Shareholders. Of the total compensation, individual allocation of compensation for directors is at the discretion of the Board of Directors, while that for corporate auditors depends on deliberations of corporate auditors.

#### (ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within the SuMi TRUST Holdings Group is payable, subject to the policies established primarily by the Boards of Directors and others of SuMi

TRUST Holdings and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Holdings and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated subsidiaries is reported to, and verified by, the Human Resources Department of SuMi TRUST Holdings on a regular basis.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Human Resources Department of SuMi TRUST Holdings.

## 2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Holdings

### (1) Policies Concerning Compensation for Applicable Officers and Employees

#### (i) Policies Concerning Compensation for "Applicable Officers"

The limit amount for compensation for officers as decided by the General Meeting of Shareholders is ¥30 million per month for directors, and ¥9 million per month for corporate auditors, apart from a ¥40 million annual limit for stock options (share acquisition rights) for Directors. The amount of compensation for directors and corporate auditors is capped by these limits.

Compensation for Directors is intended to function effectively as an incentive to make improvements in corporate performance and expand corporate value in order to achieve steady and sustainable growth of the SuMi TRUST Holdings Group.

The amount of compensation for directors is also aimed at reflecting corporate performance, the contribution of each director to corporate performance, efforts for expansion of business operations in the medium- to long-terms, and for improvement of corporate value, and so forth, and determined based on an annual compensation policy determined by the Board of Directors and on an objective evaluation made by the Performance Evaluation Committee.

Furthermore, for the fiscal year under review, share acquisition rights were allotted to directors as a stock option to further enhance their motivation and morale that helps drive SuMi TRUST Holdings' stock price increases, medium- to long-term corporate performance, and ultimately shareholder profits.

#### (ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the SuMi TRUST Holdings Group's employees, etc. are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target attainment performance. The human resources departments at each company ensure that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensation for overseas employees is determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

## 3. Consistency of SuMi TRUST Holdings' Compensation System for Applicable Officers and Employees in Line with Risk Management, and Linkage between Compensation and Performance

In determining compensation for applicable officers, the total amount of compensation is determined based on decisions made at the General Meeting of Shareholders. In determining compensation for applicable employees, etc., an adequate budget is arranged in consideration of the SuMi TRUST Holdings Group's financial standing and other considerations.

## • Total Amount of Compensation for the Applicable Officers and Employees within the SuMi TRUST Holdings Group (From April 1, 2014 to March 31, 2015)

| Category | Headcount | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total amount of compensation | Total amount of fixed compensation | Basic Compensation | Total amount of variable compensation | Bonus | Compensation as stock option | Retirement benefits |
| Directors (excluding External Directors) | 8 | 506 | 401 | 401 | 64 | 64 | 41 | — |
| Corporate Auditors (excluding External Auditors) | 2 | 57 | 57 | 57 | — | — | — | — |
| Applicable Officers | 5 | 275 | 158 | 158 | 117 | 117 | — | — |

* Amount of compensation stated above includes compensation for (concurrent) directorship at the significant consolidated subsidiaries.

# Capital Adequacy Ratio Quantitative Disclosure Data:

## Sumitomo Mitsui Trust Holdings, Inc. ("SuMi TRUST Holdings")


| | |
|---|---|
| Capital Adequacy Ratio | 282 |
| Scope of Consolidation | 282 |
| Composition of Capital (Consolidated BIS capital adequacy ratio) | 283 |
| Outline and Details of Agreements Concerning Capital Funding Instruments | 286 |
| Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements | 286 |
| Capital Adequacy | 297 |
| Credit Risk | 299 |
| Credit Risk Mitigation Techniques | 307 |
| Counterparty Risk in Derivative and Long-term Settlement Transactions | 308 |
| Securitization Exposures | 309 |
| Market Risk | 317 |
| Capital Subscriptions or Equity Exposures in the Banking Account | 319 |
| Exposures Held in Funds as Credit Risk-Weighted Assets | 320 |
| Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Holdings Group Regarding Interest Rate Risk in the Banking Account | 320 |
| Indicators for Assessing Global Systemically Important Banks (G-SIBs) | 321 |
| Composition of Leverage Ratio | 322 |

Capital Adequacy Ratio Quantitative Disclosure Data:

# Sumitomo Mitsui Trust Holdings, Inc.

## Capital Adequacy Ratio

Consolidated

We calculate the consolidated BIS capital adequacy ratio in line with provisions of Article 52-25 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank holding company and its subsidiaries' capital adequacy ratios are appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 20, hereinafter referred to as the "Notification").

Since the end of March 2015, we have adopted the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

## Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the Basel Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Holdings Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Holdings Group is 72. The principal company is the following.

| Name | Principal Business Operations |
|---|---|
| Sumitomo Mitsui Trust Bank, Limited | Trust and Banking Businesses |

(3) There is no affiliated company that undertakes financial services subject to the Basel Notification, Article 9.

(4) There are no particular restrictions etc. on the transfer of funds and capital within the SuMi TRUST Holdings Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

## Composition of Capital (Consolidated BIS capital adequacy ratio)

Consolidated

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Common Equity Tier 1 Capital: Instruments and Reserves** | | | | |
| 1a+2–1c–26 | Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,835,076 | | ¥ 1,770,959 | |
| 1a | of Which: Capital Stock and Capital Surplus | 906,869 | | 906,875 | |
| 2 | of Which: Retained Earnings | 970,373 | | 886,491 | |
| 1c | of Which: Treasury Stock (Deduction) | 17,057 | | 591 | |
| 26 | of Which: Earnings to be Distributed (Deduction) | 25,109 | | 21,815 | |
| | of Which: Others | — | | — | |
| 1b | Subscription Rights to Common Shares | 246 | | 47 | |
| 3 | Accumulated Other Comprehensive Income | 211,855 | ¥ 317,783 | 40,719 | ¥ 162,879 |
| 5 | Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | 944 | | 2,244 | |
| | Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements | 22,090 | | 27,203 | |
| | of Which: Common Share Capital Issued by Subsidiaries and Held by Third Parties | 22,090 | | 27,203 | |
| 6 | Common Equity Tier 1 Capital: Instruments and Reserves (A) | 2,070,212 | | 1,841,175 | |
| | **Common Equity Tier 1 Capital: Regulatory Adjustments** | | | | |
| 8+9 | Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | 55,074 | 82,612 | 34,704 | 138,817 |
| 8 | of Which: Goodwill (Including Those Equivalent) | 34,613 | 51,920 | 19,374 | 77,497 |
| 9 | of Which: Other Intangible Assets | 20,460 | 30,691 | 15,329 | 61,319 |
| 10 | Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 237 | 356 | 727 | 2,911 |
| 11 | Deferred Gains or Losses on Derivatives under Hedge Accounting | (6,286) | (9,429) | (1,542) | (6,168) |
| 12 | Shortfall of Eligible Provisions to Expected Losses | 22,095 | 33,142 | 19,827 | 79,308 |
| 13 | Securitization Gain on Sale | 2,534 | 3,801 | 1,488 | 5,955 |
| 14 | Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities | — | — | — | — |
| 15 | Assets for Retirement Benefits | 51,611 | 77,416 | 19,327 | 77,309 |
| 16 | Investments in Own Shares (Excluding Those Reported in the Net Assets Section) | 3 | 4 | 12 | 50 |
| 17 | Reciprocal Cross-Holdings in Common Equity | — | — | — | — |
| 18 | Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold) | 5,091 | 7,637 | 6,446 | 25,785 |
| 19+20+21 | Amount above the 10% Threshold on the Specified Items | — | — | — | — |
| 19 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| 20 | of Which: Mortgage Servicing Rights | — | — | — | — |
| 21 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | — | — | — |
| 22 | Amount Exceeding the 15% Threshold on the Specified Items | — | — | — | — |
| 23 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| 24 | of Which: Mortgage Servicing Rights | — | — | — | — |
| 25 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | — | — | — |
| 27 | Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions | — | | — | |
| 28 | Common Equity Tier 1 Capital: Regulatory Adjustments (B) | 130,361 | | 80,992 | |
| | **Common Equity Tier 1 Capital (CETI)** | | | | |
| 29 | Common Equity Tier 1 Capital (C) = (A)–(B) | ¥ 1,939,850 | | ¥ 1,760,182 | |

| As of March 31 | | | Millions of Yen, % | | | |
|---|---|---|---|---|---|---|
| Basel Ⅲ Template No. | | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| **Additional Tier 1 Capital: Instruments** | | | | | | |
| 30 | 31a | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | ¥ — | | ¥ — | |
| | 31b | Subscription Rights to Additional Tier 1 Instruments | — | | — | |
| | 32 | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | — | | — | |
| | | Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | — | |
| 34–35 | | Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | 9,781 | | 9,667 | |
| 33+35 | | Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital | 276,000 | | 395,000 | |
| 33 | | of Which: Directly Issued and Issued by Special Purpose Vehicles | 116,000 | | 235,000 | |
| 35 | | of Which: Issued by Subsidiaries | 160,000 | | 160,000 | |
| | | Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements | 8,972 | | 5,874 | |
| | | of Which: Foreign Currency Translation Adjustment | 8,972 | | 5,874 | |
| 36 | | Additional Tier 1 Capital: Instruments (D) | 294,754 | | 410,541 | |
| **Additional Tier 1 Capital: Regulatory Adjustments** | | | | | | |
| 37 | | Investments in Own Additional Tier 1 Instruments | — | ¥ — | — | ¥ — |
| 38 | | Reciprocal Cross-Holdings in Additional Tier 1 Instruments | — | — | — | — |
| 39 | | Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | 1,293 | 1,939 | 3,176 | 12,704 |
| 40 | | Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| | | Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements | 72,634 | | 121,687 | |
| | | of Which: Goodwill Equivalents | 50,810 | | 74,136 | |
| | | of Which: Equivalent to Intangible Fixed Assets Recorded through Business Combination | 1,451 | | 1,940 | |
| | | of Which: Equivalent to Capital Increase Due to Securitization Transactions | 3,801 | | 5,955 | |
| | | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | 16,571 | | 39,654 | |
| 42 | | Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions | — | | — | |
| 43 | | Additional Tier 1 Capital: Regulatory Adjustments (E) | 73,928 | | 124,863 | |
| **Additional Tier 1 Capital (ATI)** | | | | | | |
| 44 | | Additional Tier 1 Capital (F) = (D) – (E) | 220,826 | | 285,678 | |
| **Tier 1 Capital (TI = CETI + ATI)** | | | | | | |
| 45 | | Tier 1 Capital (G) = (C) + (F) | 2,160,677 | | 2,045,861 | |
| **Tier 2 Capital: Instruments and Provisions** | | | | | | |
| 46 | | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | | — | |
| | | Subscription Rights to Tier 2 Instruments | — | | — | |
| | | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | 30,000 | | — | |
| | | Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | — | |
| 48–49 | | Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | 2,437 | | 2,738 | |
| 47+49 | | Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 | 574,183 | | 686,327 | |
| 47 | | of Which: Directly Issued and Issued by Special Purpose Vehicles | — | | — | |
| 49 | | of Which: Issued by Subsidiaries | 574,183 | | 686,327 | |
| 50 | | Provisions Allowed in Group Tier 2 | 399 | | 509 | |
| 50a | | of Which: General Allowance for Credit Losses | 399 | | 509 | |
| 50b | | of Which: Excess Amount of Eligible Provisions to Expected Losses | — | | — | |
| | | Amount Allowed in Group Tier 2 Subject to Transitional Arrangements | 194,619 | | 123,045 | |
| | | of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities | 195,329 | | 123,696 | |
| | | of Which: 45% of Revaluation Reserve for Land | (709) | | (650) | |
| 51 | | Tier 2 Capital: Instruments and Provisions (H) | ¥ 801,639 | | ¥ 812,621 | |

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Tier 2 Capital: Regulatory Adjustments** | | | | |
| 52 | Investments in Own Tier 2 Instruments | ¥ — | ¥ — | ¥ — | ¥ — |
| 53 | Reciprocal Cross-Holdings in Tier 2 Instruments | — | — | — | — |
| 54 | Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | 5,126 | 7,689 | 13,108 | 52,435 |
| 55 | Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | 1,140 | 4,560 |
| | Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements | 18,917 | | 52,565 | |
| | of Which: Accumulated Investments in the Common Stock of Banking, Financial and Insurance Entities | 2,346 | | 12,911 | |
| | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | 16,571 | | 39,654 | |
| 57 | Tier 2 Capital: Regulatory Adjustments (I) | 24,043 | | 66,814 | |
| | **Tier 2 Capital (TII)** | | | | |
| 58 | Tier 2 Capital (J) = (H) – (I) | 777,595 | | 745,806 | |
| | **Total Capital (TC = T1 + TII)** | | | | |
| 59 | Total Capital (K) = (G) + (J) | 2,938,272 | | 2,791,668 | |
| | **Total Risk Weighted Assets** | | | | |
| | Risk Weighted Assets Subject to Transitional Arrangements | 141,362 | | 262,986 | |
| | of Which: Intangible Fixed Assets (excluding Mortgage Servicing Rights) | 29,239 | | 59,379 | |
| | of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 356 | | 2,911 | |
| | of Which: Assets for Retirement Benefits | 77,416 | | 77,309 | |
| | of Which: Investments in Own Shares (Excluding Those Reported in the Net Assets Section) | 10 | | 107 | |
| | of Which: Investments in the Common Stock of Banking, Financial and Insurance Entities | 34,338 | | 123,278 | |
| 60 | Total Risk Weighted Assets (L) | 18,868,499 | | 18,884,547 | |
| | **Capital Ratios (Consolidated)** | | | | |
| 61 | Common Equity Tier 1 Capital Ratio (C)/(L) | 10.28% | | 9.32% | |
| 62 | Tier 1 Capital Ratio (G)/(L) | 11.45% | | 10.83% | |
| 63 | Total Capital Ratio (K)/(L) | 15.57% | | 14.78% | |
| | **Regulatory Adjustments (before Risk Weighting)** | | | | |
| 72 | Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction) | 205,271 | | 160,409 | |
| 73 | Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction) | 49,781 | | 43,423 | |
| 74 | Mortgage Servicing Rights (Amount below the Thresholds for Deduction) | — | | — | |
| 75 | Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction) | — | | 64,585 | |
| | **Provisions Included in Tier 2 Capital: Instruments and Provisions** | | | | |
| 76 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardized Approach (Prior to Applicable of Cap) | 399 | | 509 | |
| 77 | Cap on Inclusion of Provisions in Tier 2 under Standardized Approach | 4,653 | | 6,244 | |
| 78 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap) | — | | — | |
| 79 | Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach | 99,928 | | 99,661 | |
| | **Capital Instruments Subject to Phase out Arrangements** | | | | |
| 82 | Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements | 381,500 | | 436,000 | |
| 83 | Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities) | — | | — | |
| 84 | Current Cap on Tier 2 Instruments Subject to Phase out Arrangements | 600,536 | | 686,327 | |
| 85 | Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities) | ¥ — | | ¥ 74,956 | |

Note: SuMi TRUST Holdings received an external audit by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

## Outline and Details of Agreements Concerning Capital Funding Instruments Consolidated

Outline and Details of Agreements Concerning Capital Funding Instruments are available on our website (http://smth.jp/ir/basel/index.html).

## Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

### Fiscal Year 2014

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Assets)** | | | |
| Cash and Due from Banks | ¥ 10,530,766 | | |
| Call Loans and Bills Bought | 205,075 | | |
| Receivables under Resale Agreements | 136,188 | | |
| Receivables under Securities Borrowing Transactions | 310,806 | | |
| Monetary Claims Bought | 794,838 | | |
| Trading Assets | 754,962 | | |
| Money Held in Trust | 1,619 | | |
| Securities | 4,813,354 | 2–b, 6–a | |
| Loans and Bills Discounted | 25,550,064 | 6–b | |
| Foreign Exchanges | 12,732 | | |
| Lease Receivables and Investment Assets | 547,016 | | |
| Other Assets | 1,547,226 | 6–c | |
| Tangible Fixed Assets | 223,568 | | |
| Buildings | 71,863 | | |
| Land | 123,929 | | |
| Lease Assets | 1,951 | | |
| Construction in Progress | 2,160 | | |
| Other | 23,663 | | |
| Intangible Fixed Assets | 159,256 | 2–a | |
| Software | 67,359 | | |
| Goodwill | 84,684 | | |
| Lease Assets | 64 | | |
| Other | 7,148 | | |
| Assets for Retirement Benefits | 190,706 | 3 | |
| Deferred Tax Assets | 16,280 | 4–a | |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | | |
| Allowance for Loan Losses | (90,015) | | |
| Total Assets | ¥ 46,235,949 | | |

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Liabilities)** | | | |
| Deposits | ¥ 25,079,711 | | |
| Negotiable Certificates of Deposit | 6,570,567 | | |
| Call Money and Bills Sold | 497,600 | | |
| Payables under Repurchase Agreements | 462,942 | | |
| Trading Liabilities | 405,188 | | |
| Borrowed Money | 2,492,087 | | |
| Foreign Exchanges | 140 | | |
| Short-term Bonds Payable | 974,317 | | |
| Bonds Payable | 1,026,113 | 8 | |
| Borrowed Money from Trust Account | 3,983,261 | | |
| Other Liabilities | 1,279,123 | 6–d | |
| Provision for Bonuses | 16,312 | | |
| Provision for Director's Bonuses | 230 | | |
| Retirement Benefits Liabilities | 12,152 | | |
| Provision for Reimbursement of Deposits | 3,598 | | |
| Provision for Contingent Loss | 8,533 | | |
| Deferred Tax Liabilities | 172,271 | 4–b | |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | 4–c | |
| Acceptances and Guarantees | 531,500 | | |
| Total Liabilities | 43,518,975 | | |
| **(Net Assets)** | | | |
| Capital Stock | 261,608 | 1–a | |
| Capital Surplus | 645,261 | 1–b | |
| Retained Earnings | 970,373 | 1–c | |
| Treasury Stock | (17,057) | 1–d | |
| Total Shareholders' Equity | 1,860,185 | | |
| Valuation Difference on Available-for-Sale Securities | 505,448 | | |
| Deferred Gains or Losses on Hedges | (20,605) | 5 | |
| Revaluation Reserve for Land | (5,951) | | |
| Foreign Currency Translation Adjustment | 14,953 | | |
| Remeasurements of Retirement Benefits | 35,793 | | |
| Total Accumulated Other Comprehensive Income | 529,638 | | 3 |
| Subscription Rights to Shares | 246 | | 1b |
| Minority Interests | 326,902 | 7 | |
| Total Net Assets | 2,716,973 | | |
| Total Liabilities and Net Assets | ¥ 46,235,949 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 261,608 | | 1–a |
| Capital Surplus | 645,261 | | 1–b |
| Retained Earnings | 970,373 | | 1–c |
| Treasury Stock | (17,057) | | 1–d |
| Total Shareholders' Equity | ¥ 1,860,185 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,860,185 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 906,869 | | 1a |
| of Which: Retained Earnings | 970,373 | | 2 |
| of Which: Treasury Stock (Deduction) | 17,057 | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 159,256 | | 2–a |
| Securities | 4,813,354 | | 2–b |
| of Which: Goodwill Arising on the Application of the Equity Method | 1,850 | | |
| | | | |
| Associated Deferred Tax Liabilities | 23,420 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ 86,534 | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 51,152 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Assets for Retirement Benefits

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 190,706 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 61,678 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 129,028 | | 15 |

## 4. Deferred tax assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Assets | ¥ 16,280 | | 4–a |
| Deferred Tax Liabilities | 172,271 | | 4–b |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | | 4–c |
| | | | |
| Associated Intangible Fixed Assets | 23,420 | | |
| Associated Assets for Retirement Benefits | 61,678 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ 594 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (20,605) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (15,715) | Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income" | 11 |

## 6. Investments in the capital of financial entities

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Securities | ¥ 4,813,354 | | 6–a |
| Loans and Bills Discounted | 25,550,064 | Including subordinated loans | 6–b |
| Other Assets | 1,547,226 | Including derivatives | 6–c |
| Other Liabilities | ¥ 1,279,123 | Including derivatives | 6–d |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ 7 | | |
| Common Equity Tier 1 Capital | 7 | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank does not Own More than10% of the Issued Share Capital | 234,050 | | |
| Common Equity Tier 1 Capital | 12,729 | | 18 |
| Additional Tier 1 Capital | 3,233 | | 39 |
| Tier 2 Capital | 12,816 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 205,271 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 49,781 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | — | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 49,781 | | 73 |

## 7. Minority interests

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Minority Interests | ¥ 326,902 | | 7 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | ¥ 944 | | 5 |
| Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | 30–31ab–32 |
| Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | 9,781 | | 34–35 |
| Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | 46 |
| Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | 2,437 | | 48–49 |

## 8. Other Capital Instruments

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Bonds Payable | ¥ 1,026,113 | | 8 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | ¥ — | | 32 |
| Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | 30,000 | | 46 |

## Fiscal Year 2013

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Assets)** | | | |
| Cash and Due from Banks | ¥ 6,916,949 | | |
| Call Loans and Bills Bought | 651,552 | | |
| Receivables under Resale Agreements | 88,069 | | |
| Receivables under Securities Borrowing Transactions | 289,377 | | |
| Monetary Claims Bought | 936,435 | | |
| Trading Assets | 537,029 | | |
| Money Held in Trust | 13,344 | 6–a | |
| Securities | 5,764,450 | 2–b, 6–b | |
| Loans and Bills Discounted | 23,824,035 | 6–c | |
| Foreign Exchanges | 12,114 | | |
| Lease Receivables and Investment Assets | 540,204 | | |
| Other Assets | 1,333,355 | 6–d | |
| Tangible Fixed Assets | 229,583 | | |
| Buildings | 74,202 | | |
| Land | 127,735 | | |
| Lease Assets | 1,601 | | |
| Construction in Progress | 1,219 | | |
| Other | 24,823 | | |
| Intangible Fixed Assets | 210,536 | 2–a | |
| Software | 110,362 | | |
| Goodwill | 92,670 | | |
| Lease Assets | 94 | | |
| Other | 7,409 | | |
| Assets for Retirement Benefits | 150,153 | 3 | |
| Deferred Tax Assets | 17,128 | 4–a | |
| Customers' Liabilities for Acceptances and Guarantees | 485,384 | | |
| Allowance for Loan Losses | (110,289) | | |
| Total Assets | ¥ 41,889,413 | | |

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| (Liabilities) | | | |
| Deposits | ¥ 24,123,328 | | |
| Negotiable Certificates of Deposit | 5,100,179 | | |
| Call Money and Bills Sold | 200,005 | | |
| Payables under Repurchase Agreements | 1,291,641 | | |
| Trading Liabilities | 214,104 | | |
| Borrowed Money | 1,906,117 | | |
| Foreign Exchanges | 124 | | |
| Short-term Bonds Payable | 904,882 | | |
| Bonds Payable | 1,057,772 | | |
| Borrowed Money from Trust Account | 2,941,748 | | |
| Other Liabilities | 1,139,718 | 6–e | |
| Provision for Bonuses | 15,415 | | |
| Provision for Director's Bonuses | 255 | | |
| Retirement Benefits Liabilities | 11,311 | | |
| Provision for Reimbursement of Deposits | 3,917 | | |
| Provision for Contingent Loss | 8,800 | | |
| Deferred Tax Liabilities | 39,705 | 4–b | |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | 4–c | |
| Acceptances and Guarantees | 485,384 | | |
| Total Liabilities | 39,448,370 | | |
| (Net Assets) | | | |
| Capital Stock | 261,608 | 1–a | |
| Capital Surplus | 754,267 | 1–b | |
| Retained Earnings | 886,491 | 1–c | |
| Treasury Stock | (591) | 1–d | |
| Total Shareholders' Equity | 1,901,775 | | |
| Valuation Difference on Available-for-Sale Securities | 229,637 | | |
| Deferred Gains or Losses on Hedges | (12,585) | 5 | |
| Revaluation Reserve for Land | (5,761) | | |
| Foreign Currency Translation Adjustment | 7,343 | | |
| Remeasurements of Retirement Benefits | (15,033) | | |
| Total Accumulated Other Comprehensive Income | 203,599 | | 3 |
| Subscription Rights to Shares | 47 | | 1b |
| Minority Interests | 335,620 | 7 | |
| Total Net Assets | 2,441,043 | | |
| Total Liabilities and Net Assets | ¥ 41,889,413 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 261,608 | | 1–a |
| Capital Surplus | 754,267 | | 1–b |
| Retained Earnings | 886,491 | | 1–c |
| Treasury Stock | (591) | | 1–d |
| Total Shareholders' Equity | ¥ 1,901,775 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,792,775 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 906,875 | | 1a |
| of Which: Retained Earnings | 886,491 | | 2 |
| of Which: Treasury Stock (Deduction) | 591 | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 210,536 | | 2–a |
| Securities | 5,764,450 | | 2–b |
| of Which: Goodwill Arising on the Application of the Equity Method | 4,201 | | |
| | | | |
| Associated Deferred Tax Liabilities | 41,216 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ 96,871 | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 76,649 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Assets for Retirement Benefits

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 150,153 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 53,515 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 96,637 | | 15 |

## 4. Deferred tax assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Assets | ¥ 17,128 | | 4–a |
| Deferred Tax Liabilities | 39,705 | | 4–b |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | | 4–c |
| | | | |
| Associated Intangible Fixed Assets | 41,216 | | |
| Associated Assets for Retirement Benefits | 53,515 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ 3,639 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 64,585 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 64,585 | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (12,585) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (7,710) | Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income" | 11 |

## 6. Investments in the capital of financial entities

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Money Held in Trust | ¥ 13,344 | | 6–a |
| Securities | 5,764,450 | | 6–b |
| Loans and Bills Discounted | 23,824,035 | Including subordinated loans | 6–c |
| Other Assets | 1,333,355 | Including derivatives | 6–d |
| Other Liabilities | ¥ 1,139,718 | Including derivatives | 6–e |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ 63 | | |
| Common Equity Tier 1 Capital | 63 | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than10% of the Issued Share Capital | 274,066 | | |
| Common Equity Tier 1 Capital | 32,232 | | 18 |
| Additional Tier 1 Capital | 15,880 | | 39 |
| Tier 2 Capital | 65,544 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 160,409 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 49,123 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | 5,700 | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 43,423 | | 73 |

### 7. Minority interests

#### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Minority Interests | ¥ 335,620 | | 7 |

#### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | ¥ 2,244 | | 5 |
| Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | 30–31ab–32 |
| Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | 9,667 | | 34–35 |
| Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | 46 |
| Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | 2,738 | | 48–49 |

## Capital Adequacy

Consolidated

### Amounts of Required Capital

#### (1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Portfolios to Which the Standardized Approach is Applied | ¥ **36,830** | ¥ 47,219 |
| Exposures to Business Units Set for Phased Roll-out Application | **—** | — |
| Exposures Excluded from Application | **36,830** | 47,219 |
| Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio | **1,174,797** | 1,315,021 |
| Corporate Exposures | **828,959** | 951,959 |
| Sovereign Exposures | **19,115** | 21,416 |
| Financial Institution Exposures | **60,339** | 47,909 |
| Residential Mortgage Exposures | **91,314** | 109,580 |
| Qualifying Revolving Retail Exposures | **2,131** | 2,673 |
| Other Retail Exposures | **23,762** | 28,464 |
| Other Exposures*1 | **149,173** | 153,017 |
| Securitization Exposures | **13,643** | 16,933 |

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, lease transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardized Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitization exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

## (2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Equity Exposures | ¥ 197,449 | ¥ 141,740 |
| PD/LGD Approach | 175,909 | 38,611 |
| Simple Risk-Weight Method of the Market-based Approach | 21,539 | 21,575 |
| Internal Model Method of the Market-based Approach | — | — |
| Transitional Measures*1 | — | 81,553 |

*1. The amount of credit risk-weighted assets is calculated with a risk-weight of 100%, pursuant to the Notification, Supplementary Rules Article 13.
Not applicable in fiscal year 2014 (ended March 31, 2015) due to the end of transitory arrangements.
*2. The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the transitional measures: (amount of credit risk-weighted assets x 1.06) x 8%

## (3) Amounts of required capital against credit risk concerning exposures held in funds

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Exposures Held in Funds* | ¥ 156,261 | ¥ 120,657 |

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

## (4) Amounts of required capital against market risk

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Market Risk | ¥ 30,411 | ¥ 29,569 |
| Amounts of Required Capital by Category under the Standardized Approach | 1,655 | 1,325 |
| Interest Rate Risk | 634 | 630 |
| Equity Position Risk | — | — |
| Foreign Exchange Risk | 1,021 | 694 |
| Commodities Risk | — | — |
| Options Transactions | — | — |
| Internal Model Approach | 28,756 | 28,244 |

## (5) Amounts of required capital against operational risk

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Operational Risk | ¥ 67,741 | ¥ 65,666 |
| Advanced Measurement Approach | 60,829 | 59,411 |
| Standardized Approach | 1,225 | 1,294 |
| Basic Indicator Approach | 5,687 | 4,961 |

## (6) Consolidated total required capital

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Consolidated Total Required Capital* | ¥ 1,509,479 | ¥ 1,510,763 |

* (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

## Credit Risk

Consolidated

### Balance of Exposures Related to Credit Risk and Breakdown by Primary Types

| As of March 31 | Millions of Yen 2015 Credit Risk Exposures | | | | | Exposures Three Months or Longer Overdue or Exposures in Default |
|---|---|---|---|---|---|---|
| | | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | |
| Japan | ¥ 35,858,535 | ¥ 29,242,134 | ¥ 3,301,125 | ¥ 443,249 | ¥ 2,872,025 | ¥ 222,894 |
| Outside Japan | 6,281,833 | 4,685,291 | 835,871 | 383,555 | 377,115 | 32,409 |
| Total for Regions | ¥ 42,140,368 | ¥ 33,927,426 | ¥ 4,136,997 | ¥ 826,804 | ¥ 3,249,141 | ¥ 255,303 |
| Manufacturing | 4,714,651 | 2,797,234 | 893,851 | 46,884 | 976,681 | 19,095 |
| Agriculture and Forestry | 3,399 | 3,220 | 119 | 59 | — | 1,188 |
| Fisheries | 93 | 2 | 90 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 25,655 | 14,160 | 244 | — | 11,250 | — |
| Construction | 307,354 | 198,627 | 50,283 | 645 | 57,799 | 5,297 |
| Electricity, Gas, Heat Supply and Water | 1,060,327 | 924,853 | 42,045 | 5,433 | 87,995 | 26 |
| Information and Communication | 511,346 | 448,579 | 12,911 | 927 | 48,928 | 746 |
| Transport and Postal Activities | 1,549,988 | 1,157,126 | 279,522 | 15,709 | 97,629 | 9,062 |
| Wholesale and Retail Trade | 2,074,009 | 1,530,454 | 166,498 | 5,701 | 371,355 | 3,903 |
| Finance and Insurance | 2,755,494 | 1,943,915 | 284,869 | 327,614 | 199,095 | 72,887 |
| Real Estate | 3,339,633 | 2,675,005 | 372,767 | 15,416 | 276,444 | 33,393 |
| Goods Rental and Leasing | 704,606 | 643,018 | 13,015 | 1,075 | 47,496 | 265 |
| Local Public Bodies | 144,504 | 126,872 | 4,146 | — | 13,486 | — |
| Individuals | 7,751,105 | 7,586,451 | — | — | 164,654 | 51,948 |
| Others | 17,198,196 | 13,877,903 | 2,016,631 | 407,337 | 896,323 | 57,487 |
| Total for Industry Sectors | ¥ 42,140,368 | ¥ 33,927,426 | ¥ 4,136,997 | ¥ 826,804 | ¥ 3,249,141 | ¥ 255,303 |
| One Year or Less | 8,793,747 | 6,800,200 | 761,867 | 142,821 | 1,088,857 | |
| Over One Year to Three Years | 5,729,454 | 3,953,189 | 663,799 | 204,378 | 908,087 | |
| Over Three Years to Five Years | 12,215,581 | 11,308,165 | 400,558 | 117,531 | 389,326 | |
| Over Five Years | 15,401,584 | 11,865,870 | 2,310,771 | 362,073 | 862,869 | |
| Total for All Durations | ¥ 42,140,368 | ¥ 33,927,426 | ¥ 4,136,997 | ¥ 826,804 | ¥ 3,249,141 | |
| Average Balance during the Period | ¥ 40,240,979 | ¥ 32,023,015 | ¥ 4,642,401 | ¥ 714,990 | ¥ 2,860,571 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables as well as lease transactions application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2014, September 30, 2014 and March 31, 2015.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

| As of March 31 | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | | | |
| | Credit Risk Exposures | | | | | Exposures Three Months or Longer Overdue or Exposures in Default |
| | | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | |
| Japan | ¥ 33,145,782 | ¥ 26,914,962 | ¥ 3,602,043 | ¥ 266,666 | ¥ 2,362,110 | ¥ 273,423 |
| Outside Japan | 5,280,102 | 3,150,287 | 1,556,460 | 314,906 | 258,449 | 39,171 |
| Total for Regions | ¥ 38,425,885 | ¥ 30,065,249 | ¥ 5,158,503 | ¥ 581,572 | ¥ 2,620,559 | ¥ 312,595 |
| | | | | | | |
| Manufacturing | 4,400,248 | 2,771,647 | 729,083 | 20,653 | 878,864 | 63,015 |
| Agriculture and Forestry | 3,030 | 2,634 | 328 | 66 | — | — |
| Fisheries | 97 | 4 | 92 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 13,244 | 11,855 | 216 | — | 1,172 | — |
| Construction | 287,770 | 165,744 | 66,505 | 535 | 54,985 | 5,380 |
| Electricity, Gas, Heat Supply and Water | 975,381 | 867,733 | 37,658 | 2,079 | 67,909 | 69 |
| Information and Communication | 453,351 | 404,453 | 12,198 | 940 | 35,759 | 746 |
| Transport and Postal Activities | 1,449,425 | 1,152,225 | 203,134 | 13,163 | 80,901 | 1,150 |
| Wholesale and Retail Trade | 1,892,754 | 1,423,756 | 178,408 | 5,379 | 285,209 | 2,534 |
| Finance and Insurance | 2,630,254 | 2,044,486 | 293,709 | 199,949 | 92,108 | 69,182 |
| Real Estate | 3,076,729 | 2,528,533 | 241,627 | 11,476 | 295,092 | 41,165 |
| Goods Rental and Leasing | 664,074 | 585,739 | 15,903 | 817 | 61,613 | 279 |
| Local Public Bodies | 100,338 | 72,060 | 15,665 | — | 12,611 | — |
| Individuals | 7,835,027 | 7,651,744 | — | — | 183,282 | 61,556 |
| Others | 14,644,157 | 10,382,628 | 3,363,970 | 326,511 | 571,047 | 67,514 |
| Total for Industry Sectors | ¥ 38,425,885 | ¥ 30,065,249 | ¥ 5,158,503 | ¥ 581,572 | ¥ 2,620,559 | ¥ 312,595 |
| | | | | | | |
| One Year or Less | 9,112,631 | 6,617,498 | 1,543,587 | 70,905 | 880,639 | |
| Over One Year to Three Years | 5,535,111 | 4,060,136 | 578,183 | 115,716 | 781,074 | |
| Over Three Years to Five Years | 9,391,605 | 8,458,421 | 443,145 | 140,528 | 349,510 | |
| Over Five Years | 14,386,537 | 10,929,192 | 2,593,587 | 254,422 | 609,335 | |
| Total for All Durations | ¥ 38,425,885 | ¥ 30,065,249 | ¥ 5,158,503 | ¥ 581,572 | ¥ 2,620,559 | |
| | | | | | | |
| Average Balance during the Period | ¥ 36,266,864 | ¥ 27,824,955 | ¥ 5,246,998 | ¥ 625,265 | ¥ 2,569,645 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables as well as lease transactions application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2013, September 30, 2013 and March 31, 2014.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

## Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

### (1) General allowance for loan losses

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | **2015** | 2014 | Change |
| | Balance | Balance | |
| General Allowance for Loan Losses | **¥ 59,604** | ¥ 73,209 | ¥ (13,604) |

### (2) Specific allowance for loan losses (breakdown by region, industry sector)

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | 2015 | 2014 | Change |
| | Balance | Balance | |
| Japan | ¥ 26,434 | ¥ 32,874 | ¥ (6,439) |
| Outside Japan | 3,976 | 4,206 | (230) |
| Total for Regions | ¥ 30,410 | ¥ 37,080 | ¥ (6,669) |
| | | | |
| Manufacturing | 2,581 | 2,548 | 32 |
| Agriculture and Forestry | 1 | 1 | 0 |
| Fisheries | 0 | 1 | (1) |
| Mining and Quarrying of Stones and Gravel | — | 1 | (1) |
| Construction | 223 | 301 | (78) |
| Electricity, Gas, Heat Supply and Water | 4 | 4 | 0 |
| Information and Communication | 11 | 30 | (18) |
| Transport and Postal Activities | 7,501 | 3,412 | 4,089 |
| Wholesale and Retail Trade | 1,683 | 934 | 748 |
| Finance and Insurance | 267 | 325 | (58) |
| Real Estate | 582 | 1,378 | (796) |
| Goods Rental and Leasing | 78 | 14 | 64 |
| Local Public Bodies | — | — | — |
| Individuals | 5,167 | 6,387 | (1,219) |
| Others | 12,306 | 21,737 | (9,430) |
| Total for Industry Sectors | ¥ 30,410 | ¥ 37,080 | ¥ (6,669) |

Note: "Others" in the industry sectors include non-residents and state public services.

### (3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2015 and the end of March 2014.

## Amounts of Written-off Loans by Industry Sector

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Manufacturing | ¥ 113 | ¥ 93 |
| Agriculture and Forestry | 0 | 1 |
| Fisheries | 0 | — |
| Mining and Quarrying of Stones and Gravel | — | — |
| Construction | 37 | 57 |
| Electricity, Gas, Heat Supply and Water | 0 | 2 |
| Information and Communication | 1 | 3 |
| Transport and Postal Activities | 18 | 23 |
| Wholesale and Retail Trade | 52 | 71 |
| Finance and Insurance | 0 | 1 |
| Real Estate | 25 | 35 |
| Goods Rental and Leasing | — | — |
| Local Public Bodies | — | — |
| Individuals | 1,259 | 1,068 |
| Others | 146 | 319 |
| Total for Industry Sectors | ¥ 1,658 | ¥ 1,680 |

Note: "Others" in the industry sectors include non-residents and state public services.

## Balance of Exposures to which the Standardized Approach is Applied by Risk-Weight Category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| As of March 31 | | Subject to Rating | | Subject to Rating |
| Balance of Exposures to which the Standardized Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category | ¥ 3,188,505 | ¥ 106 | ¥ 2,573,502 | ¥ 636 |
| 0% | 2,327,837 | — | 1,489,272 | — |
| 10% | 74 | — | 72 | — |
| 20% | 460,159 | 43 | 616,938 | 631 |
| 35% | — | — | — | — |
| 50% | 64,170 | 14 | 1,042 | 4 |
| 75% | — | — | — | — |
| 100% | 336,119 | 48 | 466,014 | — |
| 150% | 143 | — | 161 | — |
| Amounts of exposures with 1,250% risk-weight applied | — | | — | |

## Exposures to which the IRB Approach is Applied

| | | Millions of Yen | |
|---|---|---|---|
| As of March 31 | | 2015 | 2014 |
| Specialized Lending under the Slotting Criteria | | ¥ 2,444,112 | ¥ 2,150,264 |
| High-Volatility Commercial Real Estate Exposures | | 152,750 | 110,725 |
| Maturities of 2.5 Years or Longer | | 106,994 | 84,621 |
| Strong | 95% | 5,648 | 14,210 |
| Good | 120% | 61,119 | 42,849 |
| Satisfactory | 140% | 40,226 | 27,562 |
| Weak | 250% | — | — |
| Default | 0% | — | — |
| Maturities of Less than 2.5 Years | | 45,755 | 26,103 |
| Strong | 70% | 14,098 | — |
| Good | 95% | 28,200 | 18,033 |
| Satisfactory | 140% | 3,456 | 788 |
| Weak | 250% | — | — |
| Default | 0% | — | 7,281 |
| Other Exposures | | ¥ 2,291,362 | ¥ 2,039,538 |
| Maturities of 2.5 Years or Longer | | 1,993,254 | 1,756,418 |
| Strong | 70% | 801,559 | 750,552 |
| Good | 90% | 722,280 | 722,072 |
| Satisfactory | 115% | 437,870 | 227,782 |
| Weak | 250% | 19,747 | 44,412 |
| Default | 0% | 11,796 | 11,599 |
| Maturities of Less than 2.5 Years | | 298,108 | 283,120 |
| Strong | 50% | 108,348 | 93,265 |
| Good | 70% | 115,922 | 88,229 |
| Satisfactory | 115% | 63,671 | 89,792 |
| Weak | 250% | 6,401 | 11,624 |
| Default | 0% | 3,764 | 207 |
| Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied | | ¥ 72,738 | ¥ 74,330 |
| 300% | | 36,946 | 42,890 |
| 400% | | 35,792 | 31,439 |

## Portfolios to which the IRB Approach is Applied

### (1) Corporate exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Ordinary Assets (Seijo-Saki) | 0.37% | 34.10% | | 38.29% | ¥ 13,090,242 | ¥ 2,654,524 | ¥ 2,086,366 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 10.77% | 30.48% | | 132.25% | 277,097 | 29,188 | 11,179 | 75.00% |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 33.67% | 32.20% | 31.37% | 173,699 | 19,271 | 160 | 75.00% |
| Total | 1.75% | 34.02% | | 39.98% | ¥ 13,541,038 | ¥ 2,702,984 | ¥ 2,097,706 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value | |
| | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.36% | 44.65% | 49.89% | ¥ 11,855,361 | ¥ 2,079,794 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.93% | 43.10% | 183.59% | 386,593 | 17,848 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 43.40% | | 213,333 | 24,441 |
| Total | 2.23% | 44.58% | 52.79% | ¥ 12,455,288 | ¥ 2,122,084 |

### (2) Sovereign exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Ordinary Assets (Seijo-Saki) | 0.02% | 43.10% | | 2.28% | ¥ 10,000,074 | ¥ 194,002 | ¥ 11,542 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.02% | 43.10% | | 2.28% | ¥ 10,000,074 | ¥ 194,002 | ¥ 11,542 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value | |
| | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.01% | 44.92% | 2.90% | ¥ 8,996,138 | ¥ 76,376 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.39% | 45.00% | 173.02% | 120 | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.01% | 44.92% | 2.90% | ¥ 8,996,258 | ¥ 76,376 |

### (3) Financial Institution exposures

| As of March 31 | Millions of Yen 2015 Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items | Undrawn Commitments | CCF |
|---|---|---|---|---|---|---|---|---|
| Ordinary Assets (Seijo-Saki) | 0.12% | 42.80% | | 30.63% | ¥1,830,858 | ¥ 578,851 | ¥ 129,159 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.12% | 42.80% | | 30.63% | ¥1,830,858 | ¥ 578,851 | ¥ 129,159 | 75.00% |

| As of March 31 | Millions of Yen 2014 Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items |
|---|---|---|---|---|---|
| Ordinary Assets (Seijo-Saki) | 0.10% | 44.61% | 26.72% | ¥ 1,665,170 | ¥ 530,415 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.10% | 44.61% | 26.72% | ¥ 1,665,170 | ¥ 530,415 |

### (4) Equity exposures under the PD/LGD Approach

| As of March 31 | Millions of Yen 2015 Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
|---|---|---|---|
| Ordinary Assets (Seijo-Saki) | 0.20% | 135.92% | ¥ 1,597,157 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.05% | 512.88% | 3,663 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 771 |
| Total | 0.26% | 137.29% | ¥ 1,601,592 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

| As of March 31 | Millions of Yen 2014 Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
|---|---|---|---|
| Ordinary Assets (Seijo-Saki) | 0.24% | 146.36% | ¥ 328,728 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 6.48% | 487.80% | 128 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 74 |
| Total | 0.27% | 146.73% | ¥ 328,931 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

## (5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.23% | 24.41% | | 11.16% | ¥ 6,992,594 | ¥ 39,235 | ¥ 2,536 | 100.00% |
| Overdue | 23.13% | 24.98% | | 150.11% | 76,290 | 101 | 10 | 100.00% |
| Default | 100.00% | 26.77% | 21.47% | 70.11% | 40,089 | 73 | — | — |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.53% | 74.32% | | 17.57% | 22,600 | 61,020 | 668,697 | 9.13% |
| Overdue | 34.21% | 70.35% | | 200.12% | 330 | 186 | 1,109 | 16.77% |
| Default | 100.00% | 77.67% | 75.42% | 29.87% | 290 | 243 | 2,864 | 8.50% |
| Other Retail (consumer) | | | | | | | | |
| Current | 0.78% | 55.60% | | 47.87% | 140,679 | 57,549 | 183,334 | 31.20% |
| Overdue | 31.09% | 34.50% | | 88.57% | 1,099 | 90 | 226 | 35.20% |
| Default | 100.00% | 42.85% | 38.00% | 64.27% | 2,536 | 499 | 234 | 35.09% |
| Other Retail (commercial) | | | | | | | | |
| Current | 1.06% | 29.30% | | 27.51% | 316,239 | 5,242 | 3,440 | 100.00% |
| Overdue | 34.40% | 28.23% | | 75.48% | 3,586 | 338 | 309 | 100.00% |
| Default | 100.00% | 34.94% | 32.75% | 29.07% | 14,141 | 352 | 46 | 100.00% |
| Total | 1.28% | 26.00% | | 14.63% | ¥ 7,610,479 | ¥ 164,933 | ¥ 862,808 | 14.51% |

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.22% | 30.62% | | 12.54% | ¥ 6,812,881 | ¥ 47,251 | ¥ 4,460 | 100.00% |
| Overdue | 23.06% | 31.41% | | 176.97% | 77,514 | 134 | 32 | 100.00% |
| Default | 100.00% | 33.15% | 29.12% | 50.39% | 43,848 | 79 | 10 | 100.00% |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.54% | 74.61% | | 16.93% | 27,383 | 77,240 | 938,217 | 8.23% |
| Overdue | 30.55% | 69.26% | | 193.13% | 373 | 169 | 858 | 19.69% |
| Default | 100.00% | 77.97% | 76.15% | 22.73% | 421 | 274 | 3,565 | 7.69% |
| Other Retail (consumer) | | | | | | | | |
| Current | 0.82% | 54.31% | | 45.49% | 148,823 | 51,321 | 169,074 | 30.10% |
| Overdue | 28.83% | 37.72% | | 93.48% | 1,160 | 118 | 191 | 32.37% |
| Default | 100.00% | 42.30% | 38.00% | 53.72% | 2,921 | 551 | 247 | 32.13% |
| Other Retail (commercial) | | | | | | | | |
| Current | 1.42% | 34.17% | | 30.30% | 304,474 | 5,213 | 2,701 | 100.00% |
| Overdue | 32.87% | 32.35% | | 80.27% | 5,092 | 431 | 287 | 100.00% |
| Default | 100.00% | 43.91% | 40.99% | 36.55% | 17,167 | 367 | 44 | 100.00% |
| Total | 1.41% | 32.06% | | 16.23% | ¥ 7,442,063 | ¥ 183,154 | ¥ 1,119,690 | 12.17% |

## Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | | Change in Actual Credit Losses |
| Years Ended March 31 | Actual Credit Losses | Provisions | Reversals | Actual Credit Losses | Provisions | Reversals | |
| Corporate Exposures | **¥ (5,897)** | **¥ 15,467** | **¥ (21,365)** | ¥ (7,351) | ¥ 7,487 | ¥ (14,838) | ¥ 1,453 |
| Sovereign Exposures | **(88)** | **—** | **(88)** | (4) | — | (4) | (84) |
| Financial Institution Exposures | **(1)** | **—** | **(1)** | (23) | — | (23) | 21 |
| Retail Exposures | **1,920** | **4,914** | **(2,993)** | 905 | 2,655 | (1,749) | 1,014 |

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

### Factor Analysis

Actual credit losses in FY2014 increased by ¥2.4 billion year on year.

This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of obligors in our corporate exposures.

## Estimated Credit Losses for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | **¥ (5,897)** | **¥ 174,309** |
| Sovereign Exposures | **(88)** | **351** |
| Financial Institution Exposures | **(1)** | **974** |
| Retail Exposures | **1,920** | **35,799** |

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

| | Millions of Yen | |
|---|---|---|
| | 2014 | 2013 |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (7,351) | ¥ 203,334 |
| Sovereign Exposures | (4) | 473 |
| Financial Institution Exposures | (23) | 880 |
| Retail Exposures | 905 | 28,148 |

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2013 | 2012 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (2,417) | ¥ 189,671 |
| Sovereign Exposures | (10) | 317 |
| Financial Institution Exposures | (1) | 747 |
| Retail Exposures | 1,244 | 34,399 |

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2012 | 2011 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ 16,832 | ¥ 195,988 |
| Sovereign Exposures | 4,749 | 230 |
| Financial Institution Exposures | (135) | 3,395 |
| Retail Exposures | 2,576 | 35,841 |

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

## Credit Risk Mitigation Techniques

Consolidated

### Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ 805,153 | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,506,453 | 180,982 | 287,516 | — |
| Corporate Exposures | 311,080 | 175,471 | 180,466 | — |
| Sovereign Exposures | 14,010 | 5,510 | 107,050 | — |
| Financial Institution Exposures | 1,181,362 | — | — | — |
| Retail Exposures | — | — | — | — |

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ 758,704 | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,952,225 | 570,143 | 425,344 | — |
| Corporate Exposures | 453,236 | 559,847 | 225,918 | — |
| Sovereign Exposures | 16,892 | 10,296 | 199,426 | — |
| Financial Institution Exposures | 1,482,096 | — | — | — |
| Retail Exposures | — | — | — | — |

## Counterparty Risk in Derivative and Long-term Settlement Transactions — Consolidated

### Derivative Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | ¥ 2,348,839 | ¥ 1,941,120 |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | 911,383 | 716,508 |
| Foreign Exchange Related | 1,008,900 | 564,204 |
| Interest Rate Related | 2,214,867 | 2,190,096 |
| Credit Derivatives | 16,320 | 7,215 |
| Others | 140 | — |
| Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction) | 2,328,845 | 2,045,008 |
| Amounts of Collateral | 84,438 | 134,936 |
| Deposits | 33,993 | 107,898 |
| Securities | 50,444 | 27,037 |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | 826,944 | 581,572 |
| Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents | 105,647 | 67,006 |
| Purchasing Protection by Credit Default Swaps | 53,866 | 42,206 |
| Providing Protection by Credit Default Swaps | 51,780 | 24,800 |
| Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique | — | — |

Note: Credit equivalents are calculated with the current exposure approach.

### Long-term Settlement Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | ¥ — | ¥ — |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |
| Amounts of Collateral | — | — |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |

Note: Credit equivalents are calculated with the current exposure approach.

## Securitization Exposures

Consolidated

### Securitization Exposures Originated by the SuMi TRUST Holdings Group

**Fiscal Year 2014**

Subject to the Calculation of Credit Risk-Weighted Assets

**(1) Outline of securitizations during fiscal year 2014, type and status of main principal underlying assets**

| | | |
|---|---|---|
| Date of Securitization: | | January 2015 |
| Type of Underlying Assets: | | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,883 million |
| | as of March 31, 2015 | ¥ 43,901 million |
| Initial Issue Amount: | | ¥ 44,883 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,883 million (no rating) |
| Date of Redemption: | | August 2055 |

The SuMi TRUST Holdings Group holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

**(2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type**

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2015 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥ 103,925 | ¥ — | ¥ 384,181 | ¥ 384,181 | ¥ — |
| Residential Mortgage Loans | 103,925 | — | 384,181 | 384,181 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥ 103,925 | ¥ — | ¥ 384,181 | ¥ 384,181 | ¥ — |

**(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets**

| | Millions of Yen | |
|---|---|---|
| | 2015 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 368 | ¥ 117 |
| Others | — | — |
| Total | ¥ 368 | ¥ 117 |

**(4) Amounts of assets held for the purpose of securitization transactions and breakdown of principal assets by type**

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen 2015 Balance On-balance Sheet Transactions | Balance Off-balance Sheet Transactions | Required Capital On-balance Sheet Transactions | Required Capital Off-balance Sheet Transactions |
|---|---|---|---|---|
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 103,925 | ¥ — | ¥ 8,230 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 87,246 | — | 2,888 | — |
| 50% to Less than 100% | 8,437 | — | 365 | — |
| 100% to Less than 350% | 4,221 | — | 715 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,019 | — | 4,260 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 103,925 | ¥ — | ¥ 8,230 | ¥ — |

### (6) Amounts equivalent to the increase in capital following securitization and breakdown by type of principal underlying assets

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 6,335 |
| Others | — |
| Total | ¥ 6,335 |

### (7) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 4,019 |
| Others | — |
| Total | ¥ 4,019 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2014 and breakdown by type of principal underlying assets

Not applicable.

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitizations during fiscal year 2013, type and status of main principal underlying assets

| | | | |
|---|---|---|---|
| Date of Securitization: | | September 2013 | February 2014 |
| Type of Underlying Assets: | | Residential Mortgage Loans | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,938 million | ¥ 33,596 million |
| | as of March 31, 2014 | ¥ 42,758 million | ¥ 32,949 million |
| Initial Issue Amount: | | ¥ 44,938 million | ¥ 33,596 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) | ¥ 30,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,938 million (no rating) | ¥ 3,596 million (no rating) |
| Date of Redemption: | | April 2054 | August 2054 |

The SuMi TRUST Holdings Group holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

(2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2014 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥ 100,677 | ¥ — | ¥ 393,566 | ¥ 393,566 | ¥ — |
| Residential Mortgage Loans | 100,677 | — | 393,566 | 393,566 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥ 100,677 | ¥ — | ¥ 393,566 | ¥ 393,566 | ¥ — |

### (3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

| | Millions of Yen | |
|---|---|---|
| | 2014 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 2,796 | ¥ 197 |
| Others | — | — |
| Total | ¥ 2,796 | ¥ 197 |

### (4) Amounts of assets held for the purpose of securitization transactions and breakdown of main principal assets by type

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Balance | | Required Capital | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 100,677 | ¥ — | ¥ 9,446 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 9,784 | — | 342 | — |
| 50% to Less than 100% | 82,264 | — | 3,852 | — |
| 100% to Less than 350% | 4,403 | — | 773 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,224 | — | 4,478 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 100,677 | ¥ — | ¥ 9,446 | ¥ — |

(6) Amounts equivalent to the increase in capital following securitization and breakdown by type of main principal underlying assets

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 7,444 |
| Others | — |
| Total | ¥ 7,444 |

(7) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 4,224 |
| Others | — |
| Total | ¥ 4,224 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2013 and breakdown by type of principal underlying assets

Not applicable.

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

## Securitization Exposures Purchased by the SuMi TRUST Holdings Group

**Fiscal Year 2014**

**Subject to the Calculation of Credit Risk-Weighted Assets**

### (1) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| As of March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | |
| | Exposure Amounts | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures | ¥ 470,780 | ¥ 72,925 |
| Residential Mortgage Loans | 129,259 | 14,180 |
| Credit Card Loans | 419 | — |
| Claims on Lease Payments, Installment Receivables | 33,215 | 53,048 |
| Commercial Real Estate-Secured Loans | — | — |
| Other Claims on Corporates | 307,885 | 5,695 |
| Resecuritization Exposures | 24,120 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 6,378 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 17,742 | — |
| Total | ¥ 494,901 | ¥ 72,925 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Balance | | Required Capital | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 470,780 | ¥ 72,925 | ¥ 3,928 | ¥ 544 |
| Less than 20% | 453,323 | 66,479 | 2,890 | 394 |
| 20% to Less than 50% | 7,946 | 6,445 | 165 | 149 |
| 50% to Less than 100% | 8,394 | — | 396 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | 1,009 | — | 363 | — |
| 1,250% | 106 | — | 112 | — |
| Resecuritization Exposures (IRB Approach) | 24,120 | — | 492 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 23,291 | — | 446 | — |
| 50% to Less than 100% | 829 | — | 45 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 494,901 | ¥ 72,925 | ¥ 4,421 | ¥ 544 |

(3) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

| | Millions of Yen |
|---|---|
| As of March 31 | 2015 |
| Residential Mortgage Loans | ¥ 106 |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | — |
| Other Claims on Corporates | — |
| Total | ¥ 106 |

(4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitization exposures held and breakdown of principal underlying assets by type

| | Millions of Yen | |
|---|---|---|
| | 2014 | |
| | Exposure Amounts | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures | ¥ 319,060 | ¥ 57,835 |
| Residential Mortgage Loans | 115,785 | 749 |
| Credit Card Loans | 3,373 | — |
| Claims on Lease Payments, Installment Receivables | 32,603 | 45,951 |
| Commercial Real Estate-Secured Loans | — | 2,450 |
| Other Claims on Corporates | 167,298 | 8,684 |
| Resecuritization Exposures | 29,448 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 9,138 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 20,309 | — |
| Total | ¥ 348,508 | ¥ 57,835 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen 2014 Balance On-balance Sheet Transactions | Balance Off-balance Sheet Transactions | Required Capital On-balance Sheet Transactions | Required Capital Off-balance Sheet Transactions |
|---|---|---|---|---|
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 319,060 | ¥ 57,835 | ¥ 4,736 | ¥ 1,461 |
| Less than 20% | 297,285 | 45,951 | 1,973 | 272 |
| 20% to Less than 50% | 4,550 | 3,049 | 77 | 65 |
| 50% to Less than 100% | 12,452 | — | 610 | — |
| 100% to Less than 350% | 2,130 | 8,684 | 289 | 964 |
| 350% to Less than 1,250% | 1,449 | — | 522 | — |
| 1,250% | 1,192 | 150 | 1,263 | 159 |
| Resecuritization Exposures (IRB Approach) | 29,448 | — | 630 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 27,969 | — | 531 | — |
| 50% to Less than 100% | 621 | — | 26 | — |
| 100% to Less than 350% | 857 | — | 72 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 348,508 | ¥ 57,835 | ¥ 5,367 | ¥ 1,461 |

### (3) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 225

| As of March 31 | Millions of Yen 2014 |
|---|---|
| Residential Mortgage Loans | ¥ — |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | 150 |
| Other Claims on Corporates | 1,192 |
| Total | ¥ 1,342 |

### (4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

### (5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

### Subject to the Calculation of Market Risk Assets

Not applicable.

## Market Risk

Consolidated

### (1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| VaR in Banking Account | ¥ 750.6 | ¥ 802.6 | ¥ 576.9 | ¥ 695.4 | ¥ 783.1 | ¥ 920.9 | ¥ 766.9 | ¥ 840.3 |
| VaR in Trading Account | 4.2 | 6.0 | 1.9 | 3.6 | 2.9 | 5.0 | 1.4 | 3.1 |

VaR Measurement Standards

Banking account Confidence interval: one-tailed 99% Holding period: 21 business days to 1 year Observation period: 1 year
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

### (2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| Stressed VaR in Trading Account | ¥ 4.8 [1.5] | ¥ 14.7 [4.6] | ¥ 2.6 [0.8] | ¥ 5.8 [1.8] | ¥ 6.9 [2.2] | ¥ 14.7 [4.7] | ¥ 2.7 [0.8] | ¥ 5.9 [1.8] |

Stressed VaR Measurement Standards

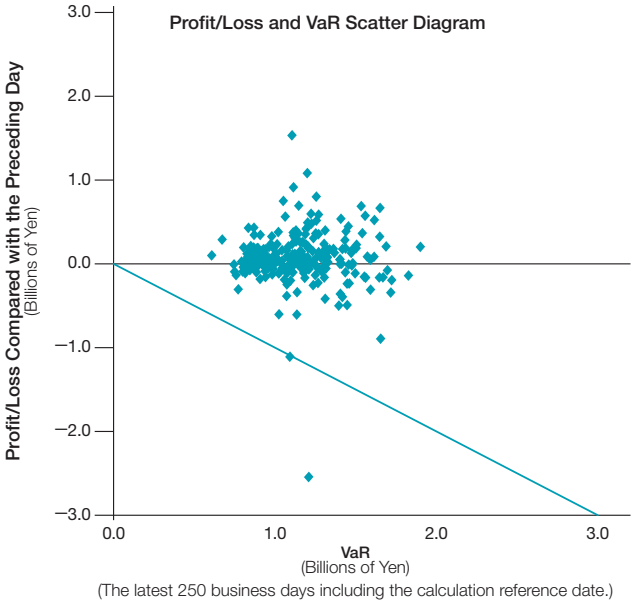
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year
The figures inside the square brackets above denote stress VAR in a case where the holding period is one business day.

### (3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2014 and in the fiscal year ended March 31, 2015.

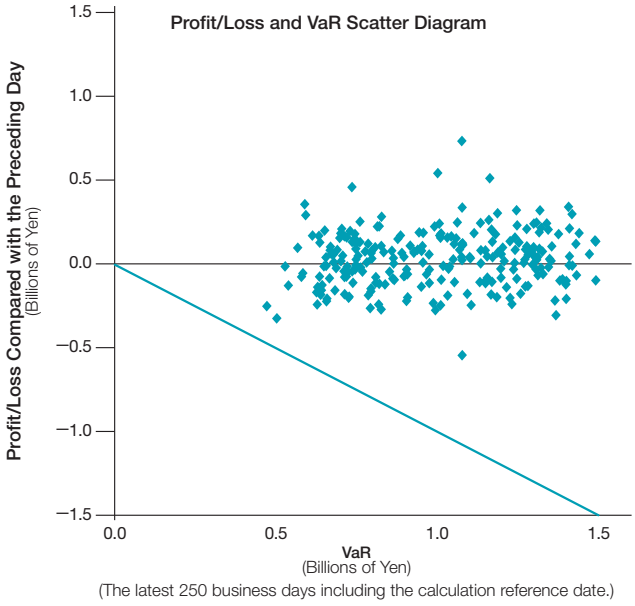
## (4) Results of back testing and reasons for large downward deviations between actual losses and VaR

• Back testing of the trading account
Fiscal Year 2014




Note: As shown above, for fiscal year 2014 back testing of the trading accounts shows two instances of losses in excess of VaR.

• Back testing of the trading account
Fiscal Year 2013




Note: As shown above, for fiscal year 2013 back testing of the trading accounts shows zero instances of losses in excess of VaR.

## Capital Subscriptions or Equity Exposures in the Banking Account — Consolidated

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2014 | | | |
| As of March 31 | Book Value | | Fair Value | | Book Value | | Fair Value | |
| Consolidated Book and Fair Values*1 | | | | | | | | |
| Listed Shares Exposures | ¥ 1,453,802 | | ¥ 1,453,802 | | ¥ 1,110,064 | | ¥ 1,110,064 | |
| Capital Subscriptions or Equity Exposures Other than Above | 94,010 | | 94,010 | | 101,022 | | 101,022 | |
| Amounts of Gains/Losses on Sales and Write-offs | Gains/Losses | Gains | Losses | Write-offs | Gains/Losses | Gains | Losses | Write-offs |
| of Capital Subscriptions or Equity Exposures*2 | (2,170) | 34,506 | 36,357 | 319 | (3,781) | 52,126 | 53,553 | 2,355 |
| Amounts of Unrealized Gains/Losses Recognized in the Consolidated Balance Sheets and not Recognized in the Consolidated Statements of Income | | | 736,511 | | | | 377,446 | |
| Amounts of Unrealized Gains/Losses not Recognized in the Consolidated Balance Sheets and Statements of Income | | | Not applicable | | | | Not applicable | |

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Consolidated statements of income show gains/losses on stockholdings and related write-offs.

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Amounts by Portfolio Category | ¥ 1,674,301 | ¥ 1,364,950 |
| Transitional Measures*2 | — | 961,688 |
| Portfolios Adopting the Market-based Approach | 72,738 | 74,330 |
| Portfolios Adopting the PD/LGD Approach | 1,601,562 | 328,931 |

Notes: 1. Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.
2. Not applicable in fiscal 2014 (ended March 31, 2015) due to the end of transitory arrangements.

## Exposures Held in Funds as Credit Risk-Weighted Assets — Consolidated

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Exposures Held in Funds | **¥ 1,223,979** | ¥ 1,017,083 |
| Look-through Approach | **1,111,673** | 915,488 |
| Simple Majority Formula | **47,672** | 42,513 |
| Investment Criteria Formula | **34,163** | 35,483 |
| Internal Model Approach | **—** | — |
| Probability Approach | **29,800** | 22,877 |
| Others | **668** | 721 |

Note: Exposures subject to the calculation of credit risk-weighted assets are shown.

## Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Holdings Group Regarding Interest Rate Risk in the Banking Account — Consolidated

• Outlier ratios

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Overall Amounts of Interest Rate Risk | **¥ 80,301** | ¥156,528 |
| Japanese Yen Interest Rates | **63,637** | 43,097 |
| U.S. Dollar Interest Rates | **13,707** | 109,664 |
| Other Interest Rates | **2,956** | 3,765 |
| Outlier Ratios | **2.9%** | 5.9% |

Notes: 1. The amount of assets at consolidated units outside of Sumitomo Mitsui Trust Bank was small, so the overall risk and outlier ratios are shown at the consolidated level for Sumitomo Mitsui Trust Bank.
2. The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

## Indicators for Assessing Global Systemically Important Banks (G-SIBs) Consolidated

| As of March 31 | | Billions of Yen | |
|---|---|---|---|
| Item No. | Items | 2015 | 2014 |
| 1. | Total exposures (a + b + c + d): | | |
| | a. Counterparty exposure of derivatives contracts | | |
| | b. Gross value of securities financing transactions (SFTs) and counterparty exposure of SFTs | | |
| | c. Other assets (other than assets specifically identified above and regulatory adjustments to Tier 1 and Common Equity Tier 1 capital under the fully phased-in Basel Ⅲ framework) | | |
| | d. Notional amount of off-balance sheet items (other than derivatives contracts and SFTs ) | ¥ 50,432.3 | ¥ 45,917.4 |
| 2. | Intra-financial system assets (a + b + c + d): | | |
| | a. Funds deposited with or lent to other financial institutions and undrawn committed lines extended to other financial institutions | | |
| | b. Holdings of securities issued by other financial institutions (Note 1) | | |
| | c. Net positive current exposure of SFTs with other financial institutions | | |
| | d. Over-the-counter (OTC) derivatives with other financial institutions that have a net positive fair value | 6,964.2 | 6,274.3 |
| 3. | Intra-financial system liabilities (a + b + c): | | |
| | a. Deposits due to, and undrawn committed lines obtained from, other financial institutions | | |
| | b. Net negative current exposure of SFTs with other financial institutions | | |
| | c. OTC derivatives with other financial institutions that have a net negative fair value | 3,076.2 | 6,096.3 |
| 4. | Securities outstanding (Note 1) | 10,485.1 | 8,881.2 |
| 5. | Assets under custody | 279,402.7 | 253,859.5 |
| 6. | Notional amount of OTC derivatives | 164,185.7 | 166,786.3 |
| 7. | Held-for-trading (HFT) securities and available-for-sale (AFS) securities, excluding HFT and AFS securities that meet the definition of Level 1 assets and Level 2 assets with haircuts (Note 2) | 2,372.5 | 2,098.8 |
| 8. | Level 3 assets (Note 3) | 509.5 | 555.3 |
| 9. | Cross-jurisdictional claims | 8,472.7 | 7,062.9 |
| 10. | Cross-jurisdictional liabilities | 8,375.4 | 6,479.5 |

| Years Ended March 31 | | Billions of Yen | |
|---|---|---|---|
| Item No. | Items | 2015 | 2014 |
| 11. | Payments (settled through the BOJ-NET, the Japanese Banks' Payment Clearing Network and other similar settlement systems, excluding intragroup payments) | ¥ 2,633,869.0 | ¥ 2,109,565.0 |
| 12. | Underwritten transactions in debt and equity markets (Note 4) | 22.4 | 27.5 |

Notes: 1. Securities refer to secured debt securities, senior unsecured debt securities, subordinated debt securities, commercial paper, certificate of deposits, and equities.
2. Level 1 and Level 2 assets with haircuts are defined in the Basel Ⅲ Liquidity Coverage Ratio (LCR).
3. The amounts are calculated in accordance with the International Financial Reporting Standards with necessary modifications.
4. This refers to underwriting of securities defined in article 2 paragraph 8 item 6 of the Financial Instruments and Exchange Act.

## Composition of Leverage Ratio

Consolidated

As of March 31 — Millions of Yen, %

| Basel Ⅲ Template No. (Table 2) | Basel Ⅲ Template No. (Table 1) | Items | | 2015 |
|---|---|---|---|---|
| | | **On-Balance Sheet Exposures** | | |
| 1 | | On-Balance Sheet Exposures before Deducting Adjustment Items | | ¥ 43,580,192 |
| 1a | 1 | Total Assets Reported in the Consolidated Balance Sheet | | 46,235,949 |
| 1b | 2 | The Amount of Assets of Subsidiaries that are not Included in the Scope of the Leverage Ratio on a Consolidated Basis (Deduction) | | — |
| 1c | 7 | The Amount of Assets of Subsidiaries that are Included in the Scope of the Leverage Ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet) | | — |
| 1d | 3 | The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction) | | 2,655,756 |
| 2 | 7 | The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction) | | 204,240 |
| 3 | | Total On-Balance Sheet Exposures | (A) | 43,375,952 |
| | | **Exposures Related to Derivative Transactions** | | |
| 4 | | Replacement Cost Associated with Derivatives Transactions, etc. | | 570,299 |
| 5 | | Add-On Amount Associated with Derivatives Transactions, etc. | | 760,819 |
| | | The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc. | | 672,492 |
| 6 | | The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework | | — |
| 7 | | The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction) | | 539,592 |
| 8 | | The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction) | | |
| 9 | | Adjusted Effective Notional Amount of Written Credit Derivatives | | 53,809 |
| 10 | | The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction) | | 47,800 |
| 11 | 4 | Total Exposures Related to Derivative Transactions | (B) | 1,470,028 |
| | | **Exposures Related to Repo Transactions** | | |
| 12 | | The Amount of Assets Related to Repo Transactions, etc. | | 446,995 |
| 13 | | The Amount of Deductions from the Assets Above (Line 12) (Deduction) | | — |
| 14 | | The Exposures for Counterparty Credit Risk for Repo Transactions, etc. | | 32,671 |
| 15 | | The Exposures for Agent Repo Transaction | | |
| 16 | 5 | The Total Exposures Related to Repo Transactions, etc. | (C) | 479,667 |
| | | **Exposures Related to Off-Balance Sheet Transactions** | | |
| 17 | | Notional Amount of Off-Balance Sheet Transactions | | 5,229,386 |
| 18 | | The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction) | | 2,774,318 |
| 19 | 6 | Total Exposures Related to Off-Balance Sheet Transactions | (D) | 2,455,068 |
| | | **Leverage Ratio on a Consolidated Basis** | | |
| 20 | | The Amount of Capital (Tier 1 Capital) | (E) | 2,160,677 |
| 21 | 8 | Total Exposures | (F) = (A)+(B)+(C)+(D) | 47,780,716 |
| 22 | | Leverage Ratio on a Consolidated Basis | (G) = (E)/(F) | 4.52% |

This section outlines matters to be stated in explanatory documents relating to the fiscal year separately stipulated by the Director-General of the Financial Services Agency (Notification No. 15 of Financial Services Agency, March 23, 2007) with regard to the status of capital adequacy as set forth in Article 19-2, Paragraph 1, Item 5-(d) of the Enforcement Regulations of the Banking Act (Ministry of Finance Ordinance No. 10, 1982), as well as the matters regarding compensation separately stipulated by the Director-General of the Financial Services Agency (Notification No. 21 of Financial Services Agency, March 29, 2012) as having significant consequences on the business operation or asset status of a bank, a bank holding company, or their subsidiaries, according to Article 19-2, Paragraph 1, Item 6, Article 19-3, Item 4 and Article 34-26, Paragraph 1, Item 5 of the Enforcement Regulations of the Banking Act (Ministry of Finance Ordinance No. 10, 1982).

The following disclosure is with respect to Sumitomo Mitsui Trust Bank, Limited as of the end of March 2015.

## Capital Adequacy Ratio Qualitative Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")

| | |
|---|---|
| 1. Overview of Risk Management | 324 |
| 2. Credit Risk Management | 325 |
| 3. Internal Ratings System | 331 |
| 4. Market Risk Management | 334 |
| 5. Funding Risk Management | 336 |
| 6. Operational Risk Management | 336 |
| 7. Other Related Matters | 341 |

## Compensation Disclosure Data:

Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")

Capital Adequacy Ratio Qualitative Disclosure Data:

# Sumitomo Mitsui Trust Bank, Limited

## 1. Overview of Risk Management

### (1) Basic Policies on Risk Management and Risk Categories

In accordance with the Risk Management Policy formulated by SuMi TRUST Holdings along with our management policy and the basic policy on internal control, the Board of Directors at SuMi TRUST Bank has established Risk Management Rules, which sets out SuMi TRUST Bank's basic rules for risk management, including the types of risk requiring attention, the techniques applied to hedge risk, and the structure and authority for risk control. Based on these rules, SuMi TRUST Bank defines the content of specific standards for risk management by each type of risk.

The types of risks defined by SuMi TRUST Bank for the above purpose include credit risk, market risk, funding risk and operational risk.

Credit risk is the risk of reduction or impairment of the value of assets (including off-balance sheet assets), owing to reasons such as deterioration in the financial condition of an obligor, that causes SuMi TRUST Bank to incur loss.

Market risk is the risk of loss caused by the changes in the value of assets or liabilities held by SuMi TRUST Bank (including those on off-balance basis) and/or the proceeds there from, due to fluctuations of various risk factors such as interest rates, foreign exchange rates, and stock prices.

Funding risk is the risk of loss resulting from a cash-flow crisis due to an inability to finance any necessary funds, or a tight funding environment that imposes an interest rate significantly higher than normal.

Operational risk refers to the risk of losses arising from inappropriate business processes, activities of executives or employees, computer systems as well as external incidents.

### (2) Risk Management Structure

In accordance with the Risk Management Policy formulated by SuMi TRUST Holdings, SuMi TRUST Bank sets down the roles and responsibilities of operational organizations and departments related to risk management as follows:

1) The Board of Directors formulates policies for the identification, assessment, monitoring, control and reduction of risks. It also formulates management plans, including the risk capital allocation plan and the risk management plan, and disseminates the plans throughout the company. It also establishes a reporting structure and vests authority in relevant organizations.

2) The Executive Committee sets rules and provisions regarding the identification, assessment, monitoring, control and mitigation of risks in line with the policies set out by the Board of Directors, and develops frameworks to put them into practice.

• Risk Categories

| Risk Category | Definition |
|---|---|
| Credit Risk | Risk that the Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, "country risk" in particular means risk that the Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor. |
| Market Risk | Risk that the Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil. |
| Funding Risk | Risk that the Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual. |
| Operational Risk (Below are "risk sub-categories") | Risk that the Group incurs losses resulting from inadequate or failed internal processes, people and systems or from external events. |
| Business Processing Risk | Risk that the Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accident or fraud. |
| System Risk | Risk that the Group incurs losses due to such reasons as computer system failure, malfunction and defects, as well as the risk that the Group incurs losses due to unauthorized use of a computer. |
| Information Security Risk | Risk that the Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system or misuse of information. |
| Legal & Compliance Risk | Risk that the Group incurs losses due to uncertain legal aspects of transactions, or due to insufficient compliance with laws, regulations, etc. |
| Human Resource Risk | Risk that the Group incurs losses due to personnel and labor management issues, such as unequal or unfair management of personnel and harassment. |
| Event Risk | Risk that the Group incurs losses due to external events that impair business, such as natural disasters, crimes such as terrorism, damage to public infrastructure that prevents its functioning, the spread of infectious diseases, and the inappropriate use or management of tangible assets. |
| Reputational Risk | Risk that the Group incurs losses as a result of deterioration in reputation for SuMi TRUST Holdings or its subsidiaries, owing to such reasons as mass media reports, rumors or speculation. |

**3)** Front office departments engage in operational administration aimed at ensuring the effectiveness of risk management, such as implementing appropriate controls that reflect the scale and characteristics of risks based on the accurate recognition of risks, subject to Risk Management Rules and relevant risk management regulations, etc.

**4)** Risk management-related departments are responsible for developing and running the risk management process for identification, assessment, monitoring control and reduction of risks they are supposed to manage. Furthermore, in order to fulfill their check-and-balance functions over the front office departments these departments engage in the planning and promotion of the risk management system including reporting to senior management on a regular basis or as appropriate, based on the monitoring of risk status and risk management activities at front office departments.

### (3) Comprehensive Risk Management and Integrated Risk Management

SuMi TRUST Bank comprehensively measures the risks it faces after assessments thereof by risk category. It manages risks by comparing them with SuMi TRUST Bank's financial strength (Comprehensive Risk Management).

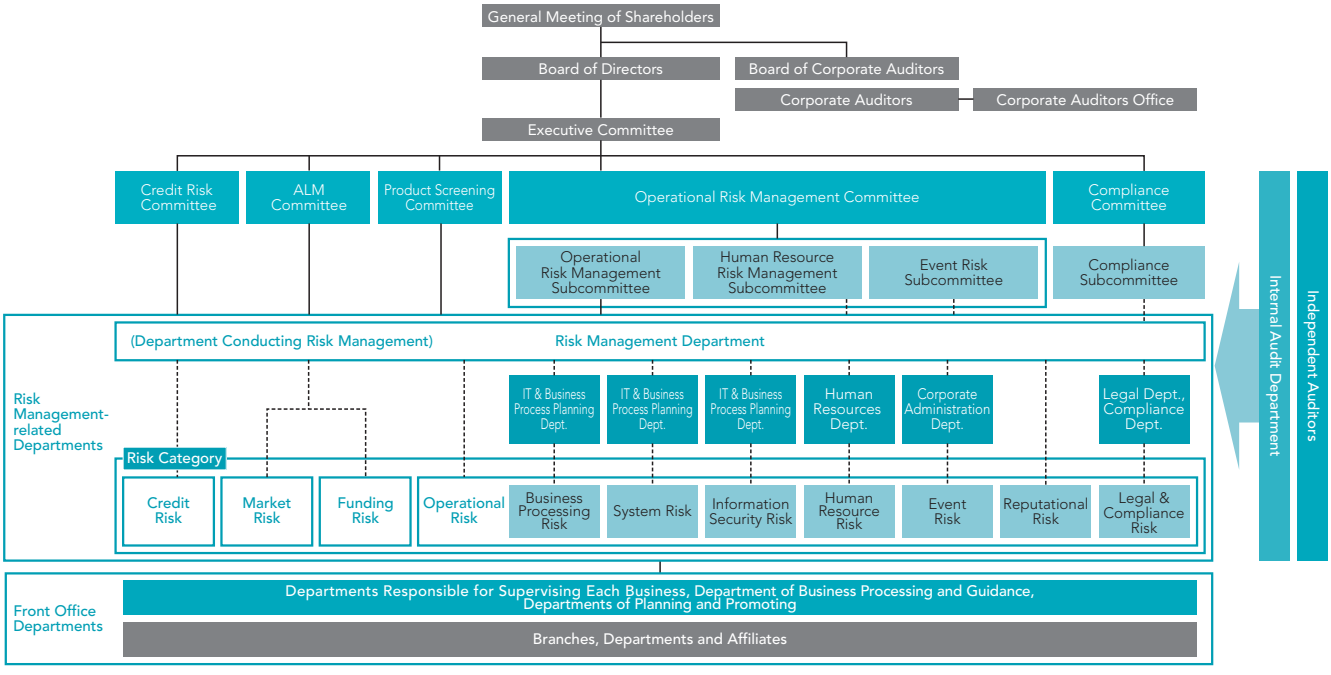
In addition, among the risks subject to Comprehensive Risk Management, SuMi TRUST Bank aggregates risks which are quantifiable with unified criteria such as the integrated VaR, and manages these risks by comparing them with SuMi TRUST Bank's financial strength, which is indicated by its capital buffer (Integrated Risk Management).

## 2. Credit Risk Management

Credit risk refers to the risk that the SuMi TRUST Group incurs losses due to the value of an asset (including off-balance sheet assets) decreasing or impairing owing to such reasons as deterioration in the financial condition of an obligor. Of this, country risk, in particular, means risk that the SuMi TRUST Group incurs losses on credit provided overseas, due to foreign exchange, political and economic conditions of the country of the obligor. Credit risk is the most basic risk involved in the "credit creation function" —the basic function of finance.

The Japanese economy is generally in a recovery trend, while the U.S. economy is keeping up a steady pace. However, interest rates remain at exceptionally low levels, and the financial markets are experiencing the impact of deteriorating national finances in emerging economies and

• Risk Management Structure



resource-rich countries. In addition, there are toughened international financial regulations including ones pertaining to credit concentration risk. We are building a more advanced credit risk management system in light of this economic environment and the regulatory trend surrounding us.

At the same time, we are also proactively working to serve new healthy demand for funds, to achieve a diversified credit portfolio and stronger client base.

Initiatives for clients' business improvement related to financial facilitation are also important from the viewpoint of credit risk management. Therefore, we are working to develop systems to handle them appropriately.

### (1) Credit Risk Management Policy

The basic policy of SuMi TRUST Bank's risk management calls for "a diversified credit portfolio" and "strict credit management for individual credits." For the former, we are making efforts to mitigate credit concentration risk by managing, on a sector-by-sector and country-by-country basis, the diversification of the overall credit portfolio, including large borrowers. For the latter, we are managing individual credits in a more elaborate manner through the operation of credit screening, self-assessment and internal Credit Ratings.

Furthermore, we have set a standard for profitability by taking into account expected loss ratios and expense rates for each credit rating, and reflect the results of this measurement in the terms and conditions of each transaction in a bid to secure profit margins (spreads) commensurate with their risk amount to "ensure appropriate risk-return."

SuMi TRUST Bank's credit risk management covers not only credit transactions in the banking account but also transactions in the principal guaranteed trust account.

### (2) Credit Risk Management Structure

We have established a credit risk management framework under which various organizations and departments are closely organized for mutual support and effective checks and balances. Relevant organizations and departments assume their respective roles based on the credit strategies and credit risk management plans formulated by the Board of Directors as follows:

1) The Board of Directors decides on important matters related to credit risk management when establishing semi-annual management plans. Based on reports on credit risk management (including the results of asset assessment), the Board of Directors decides on the credit strategy and economic capital plan, and its approval of self-assessment standards and rules for write-offs and reserves, through these decisions, it strengthens and improves the fund management base, and ensures the effective use of funds and the soundness of assets, including assets in trust.

2) The Executive Committee, based on the reports of credit risk management (including the results of asset assessment), deliberates and decides on the credit strategy and the risk capital allocation plan, and brings them to the Board of Directors. Also, the Committee develops and reviews the framework to carry out self-assessment and the calculation of write-offs and reserves in an appropriate manner.

3) The Credit Risk Committee deliberates and decides on basic credit policies as well as investment and loan transactions, and secures the strengthening and improvement of the fund management base, the effective use of funds and the soundness of assets, including assets in trust.

4) The Risk Management Department designs and facilitates the management of credit risk in a proper manner as a risk management-related department pertaining to credit risk. Also, it undertakes credit risk management through the measurement of credit risk amounts, the monitoring of credit portfolios and validation of the appropriateness of self-assessment, write-offs and reserves, and verifies the appropriateness of the internal ratings system.

5) The Research Department applies Credit Ratings based on industry research and research on credit evaluation of individual companies along with quantitative analysis, from a neutral standpoint independent of global credit supervision departments, branches and departments.

6) Each Global Credit Supervision Department screens credit transactions strictly, provides appropriate guidance to branches and departments, and conduct self-assessment (secondary assessment), and deal with problematic loans.

7) Branches and Departments manage credit transactions appropriately and conduct self-assessment (initial assessment).

8) The Internal Audit Department conducts the internal audit of internal risk management frameworks for various processes.

### (3) Credit Risk Management Methods

#### 1) Credit Concentration Risk Management

Based on the idea that keeping close tabs on credit exposure to each obligor as the basics of credit risk management, we manage loans, stocks, off-balance sheet and other transactions in a comprehensive and integrated manner. We place limits on credit exposures thus calculated and known, and also periodically examine the impact of credit risk realization of large obligors and the particular degree of concentration in industry sectors with large credit exposures, and we report these to the Executive Committee on a quarterly basis.

To manage country risks, we control exposures for each country in which obligors operate.

#### 2) Credit Ratings and Self-assessment

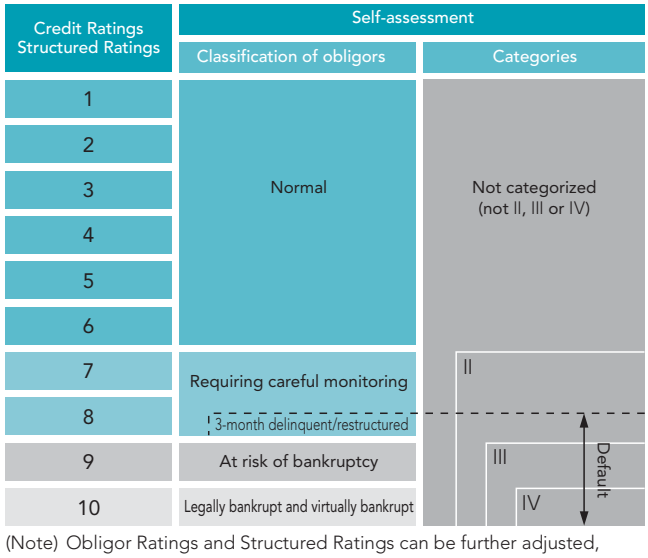
"Credit Ratings" that indicate the credit status of obligors and the possibility of defaults and losses provide the basis for credit screening of individual transactions and credit portfolio management. Credit Ratings include: Obligor Ratings for corporations that comprise sovereigns and financial institutions; Structured Ratings applicable to structured finance such as real estate non-recourse loans; and Facility Ratings that reflect the possibility of loss of individual facilities.

Obligor Ratings use a method that combines a statistical quantitative model and qualitative assessment that reflects the characteristics of individual obligors, providing stage assessment in respect of the credit status of obligors and the likelihood of them defaulting. Structured Ratings indicate in stages the credit status of obligors and the likelihood of them defaulting. Evaluations are based on the quantitative and qualitative criteria according to the type of finance such as real estate non-recourse loans, project finance and ship/aircraft finance. Facility Ratings indicate in stages the possibility of loss, according to evaluations based on the case-specific credit quality (guarantee, collateral, etc.). These Credit Ratings also serve as the basis for credit risk calculations using the Internal Ratings-based Approach (the "IRB Approach") based on capital adequacy regulations.

We conduct self-assessment basically for all assets in the banking account and the principal guaranteed trust account on a regular basis, and determine the "classification of obligors" by assessing client's repayment capacity by their financial standing, cash positions, profit earning capacity, etc., as well as the "asset classification" according to the risk of assets becoming irrecoverable or impaired in their value, in order to achieve effective credit risk management and adequate write-offs and reserves.

The credit rating systems and the self-assessment system are administered in a mutually consistent manner, sharing client' basic financial data. Soundness of credit portfolios is accurately evaluated based on the timely and proper grasp of the clients' creditworthiness through the administration of both systems.

• Comparative Table of Credit Ratings and Self-assessment



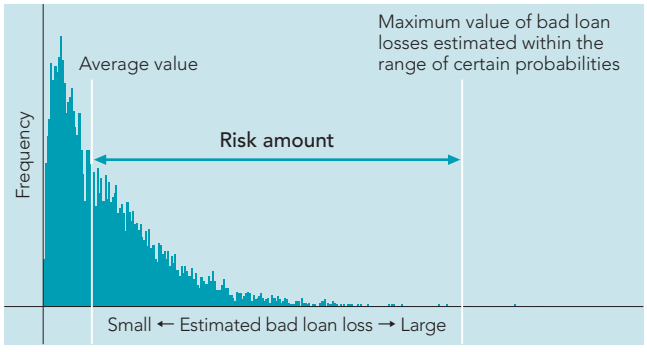

(Note) Obligor Ratings and Structured Ratings can be further adjusted, where necessary, through the addition of [+] or [-] symbols.

### 3) Credit Risk Quantification

The measurement of credit risk amount is designed to quantitatively grasp the extent as to how far the company's assets are likely to incur losses from credit events over the coming year. In particular, based on estimates of default rates in each grade of credit rating and recovery rates, we measure the difference between the maximum value of bad loan losses estimated within the range of certain probabilities and the expected bad loan loss, which is the average value of estimated bad loan losses, as the credit risk amount. The measurement results are reported regularly to the Board of Directors, etc.

As our risk measurement method, we have adopted Monte Carlo simulation, which generates a variety of scenarios (100,000 in our case) to plot a distribution of losses from which the maximum value of losses is estimated (See the chart below).

• Risk Amount

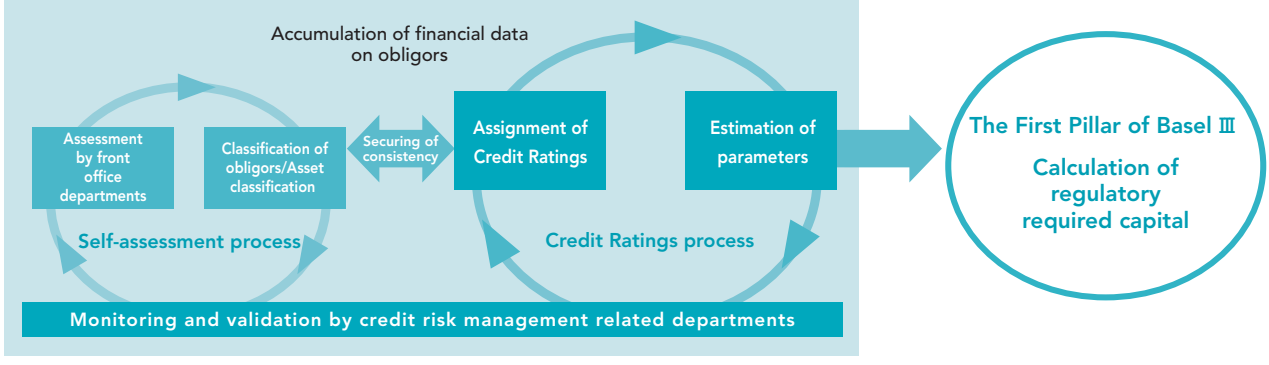



In the actual measurement, as our method is designed to factor in the correlation between individual assets, the risk amount derived reflects not only the quality of assets, but also the effects of diversification or credit portfolios. Therefore, by regularly monitoring the risk amount, we can ascertain the status of our credit risk management policy, i.e., "a diversified credit portfolio" and "strict credit management for individual credits." We also check the appropriateness of capital allocation and the soundness of business operations.

Usually, the measurement of risk amount is conducted using estimated values calculated based on default rates and recovery rates, etc. As a complementary measure, we also conduct "stress testing," intended to estimate the maximum possible losses that may arise from a situation that represents an aberration from historical data but could theoretically occur. We set out multiple stress scenarios and conduct simulations to see how the risk amount changes in each of these scenarios. The results of these tests are reported to the Board of Directors, etc.

We are also working on risk calculation techniques and the creation of more sophisticated stress scenarios, corresponding to the characteristics of SuMi TRUST Bank's asset under out management.

• Basic Process of the IRB Approach



### (4) Compliance with Capital Adequacy Regulations

#### 1) Measurement of Required Capital via the IRB Approach

As a method for calculating the amount of credit risk-weighted assets related to the calculation of the required capital under capital adequacy regulations, we have adopted the IRB Approach, which uses Credit Ratings and other internal data for the management of obligors.

In terms of calculation method, we adopted the Advanced IRB Approach at the end of March 2015, which is primarily applicable to domestic corporations and others.

#### 1. Basic Process of the IRB Approach

Under the IRB Approach, the amount of regulatory required capital is calculated via the following three stages:

#### (a) Assignment of Credit Ratings (Credit Ratings and Credit Pool Categories)

SuMi TRUST Bank develops its own ratings system (Internal Ratings Management)* in accordance with its risk profiles, and based on this system, SuMi TRUST Bank assigns ratings to obligors. Credit Ratings ensure consistency with the results of self-assessment, and the accuracy of Credit Ratings is secured with credit risk management related departments validating the internal rating system and rating grades assigned to individual obligors.

* For details of our Credit Ratings system, please refer to "3. Internal Ratings System" on page 331.

#### (b) Estimation of Parameters

Estimation of some parameters (input variables) necessary for risk measurement is implemented by collecting the actual results (performance data) of credit extended to individual credit transactions on the basis of ratings assigned under (a).

#### (c) Calculation of Minimum Required Capital

The minimum required capital is calculated by applying the result of (b) above to the calculating formula based on the notification issued by the Financial Services Agency.

• Calculation Methods and Credit Ratings Applied to Respective Exposures

| Approach | Asset Classification | | Sub-category | Applicable Calculation Approaches* | Applicable Credit Ratings |
|---|---|---|---|---|---|
| Internal Ratings-based Approach | Corporate Exposure | Corporate Exposure | — | Supervisory Formula | Obligor Ratings, Facility Ratings |
| | | Specialized Lending | Real estate non-recourse loan, Project finance, Commodity finance, Object finance | Supervisory Slotting Criteria Approach | Structured Ratings |
| | | Sovereign Exposure | — | Supervisory Formula | Obligor Ratings, Facility Ratings |
| | | Bank Exposure | — | Supervisory Formula | Obligor Ratings, Facility Ratings |
| | Retail Exposure | | Residential mortgage exposures | Supervisory Formula | Credit Pools |
| | | | Qualifying revolving retail exposures | Supervisory Formula | Credit Pools |
| | | | Other retail exposures | Supervisory Formula | Credit Pools |
| | Purchased Receivables | | Regulatory formula for underlying assets | Supervisory Formula | Obligor Ratings, Facility Ratings |
| | | | Slotting criteria approach for underlying assets | Supervisory Slotting Criteria Approach | Structured Ratings |
| | | | Cases where classification is not possible due to multiple underlying assets | Top-down Approach | Credit Pools |
| | Equities, etc. | | Domestic listed equities, equities of domestic unlisted obligors | PD/LGD Approach | Obligor Ratings |
| | | | Equities of domestic unlisted firms with no credit exposure, foreign equities | Simplified Approach | — |

* Supervisory Formula & PD/LGD Approach: Formulas prescribed in the Notification (by the Financial Services Agency) are used.
Supervisory Slotting Criteria Approach: An approach to calculate credit risk by mapping internal Credit Ratings to the five supervisory categories, each of which is associated with a specific risk-weight.
Simplified Approach: An approach that uses predetermined risk-weights.
Top-Down Approach: An approach that regards purchased assets as an aggregate and uses formulas prescribed in the Notification (by the Financial Services Agency).

Notes:
1. We use the external ratings-based approach and the supervisory formula. For details, please refer to page 341, "7. (I) Securitization Exposures."
2. For "funds," we apply calculation methods that are appropriate for respective underlying assets.

### 2. Approaches Applicable to Respective Exposures

Under capital adequacy regulations, methods of calculating risk-weights and Credit Ratings used are varied depending on asset classes. Please refer to the table on page 329 for the breakdown of calculation methods and Credit Ratings we apply to respective exposures:

### 3. Estimated Parameters

As described below, there are three parameters which must be estimated in order to calculate the amount of credit risk-weighted assets. Exposures with higher levels of parameters have higher required capital. In order to ensure objectivity and accuracy, we use, in principle, the same parameters used for internal risk management purposes for capital adequacy regulations as well.

#### (a) Probability of Default (PD)

The prior probability that a single obligor or a single transaction is likely to default during a specified period.

#### (b) Loss Given Default (LGD)

The prior estimate of the ratio of a loss likely to be incurred in the event of a default by a certain obligor or a certain transaction to the exposure at default.

#### (c) Exposure At Default (EAD)

The likely exposure amount at the time of occurrence of events of default, including additional credit that may be drawn from lines of credit or other financing, before a client defaults on obligations.

### 4. PD・LGD Estimation Method

In our integrated risk management, we estimate PD, LGD and EAD, and we use these estimates as parameters for the IRB Approach under capital adequacy regulations.

For Domestic Credit Ratings, we estimate PD in line with the definition of default, which equates with the Basel Ⅱ definition, on the basis of our performance data (the "internal historical data method"). For international credit ratings, we estimate PD on the basis of mapping with default data provided by Standard & Poor's Ratings Services (the "mapping method"). In principle, we estimate PD for Credit Ratings on the basis of the cumulative default rate from the internal historical data for the latest 20 years and by taking into account applicable external data. For transactions subject to credit pool management that do not have the ratings migration, we estimate PD, in principle, by using the average of the actual default rates for the latest 20 years. Where the period of accumulation of performance data has yet to reach 20 years, we estimate PD on the basis of the actual default rates of all years for which the performance data is available.

LGD (SuMi TRUST Bank's own estimation applicable primarily to domestic corporations and others) is estimated subject to conservative adjustments that take into consideration potential recessionary phases and other factors, based on the actual recovery data from the defaulted clients.

### 5. Usage of Various Estimates for Purposes other than Calculation of Capital Adequacy Ratio

Our estimates used for calculating the capital adequacy ratio complying with capital adequacy regulations are applied for the following items:

#### (a) Use of Estimated Typical PD* and Typical LGD*

Quantitative measurement of credit risk, controls of credit limits, etc.

* The typical PD and LGD are conservatively estimated to obtain a long-term and stable level by taking into consideration the impact of economic cycles.

#### (b) Use of Credit Ratings

Criteria for authority on credit-related operations, criteria for self-assessment, criteria for profitability, etc.

### 2) Exposures where the Standardized Approach is Applied

The Standardized Approach calculates risk-weighted assets by using external ratings provided by qualified rating agencies, instead of our own Credit Ratings. We have adopted the IRB Approach. We, however, use the Standardized Approach for business units and transactions excluded from the scope of application of the IRB Approach due to its insignificance and other factors.

We use ratings provided by the following qualified rating agencies to assess risk-weights' Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd.(JCR); Moody's Investors Service, Inc. (Moody's); Standard &Poor's Rating Services (S&P); and Fitch Ratings Ltd. (Fitch).

### 1. "Phased Roll-out" Exposures

We apply the Standardized Approach to our subsidiaries (business units) that are in the middle of preparatory work toward the application of the IRB Approach. However, as of the end of March 2015, there were no subsidiaries subject to our "phased rollout" exposures.

### 2. "Carved Out" Exposures

We apply the Standardized Approach to subsidiaries that undertake little credit business, if any, as well as certain transactions that are not significant in terms of credit risk management, carving them out from the IRB Approach. Criteria whether to carve out business units or transactions from the IRB Approach are made after fully considering their importance with respect to the following points:

(a) The size of the expected credit loss and the frequency of credit provision
(b) Rank under the credit portfolio plan or the credit risk management policy
(c) The ratio to overall credit risk-weighted assets

## 3. Internal Ratings System

### (1) Outline of the Internal Ratings System

SuMi TRUST Bank's internal ratings system is intended to ensure an appropriate evaluation process for financial assets held by the SuMi TRUST Group (excluding insignificant consolidated companies), and contribute to profit management and credit risk management in accordance with the Risk Management Policy. The internal ratings system consists of the Credit Ratings system and credit pools system.

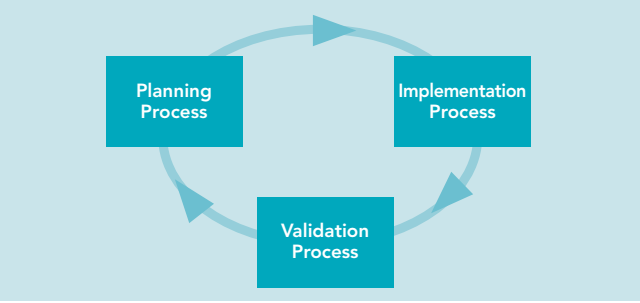
The Credit Ratings system is broadly divided into the domestic ratings system ("Domestic Credit Ratings") and the overseas ratings system ("Non-Japanese Credit Ratings"). Each system includes Obligor Ratings that rank the PD of corporations, Structured Ratings that rank the PD of real estate non-recourse loans and project finance, and Facility Ratings that rank the possibility of loss in individual facilities in consideration of factors such as guarantees, collateral and duration of credit.

The credit pools system manages small-lot loans provided to individuals, such as residential mortgage loans and card loans, by grouping these transactions with similar risk profiles. SuMi TRUST Bank maintains credit pool categories, such as affiliate-guaranteed residential mortgage loans pools and business finance loans pools, divided according to product type, obligor status, transaction status, collateral coverage status and delinquency status.

### (2) Administration of the Internal Ratings System

The process related to credit rating assignment comprises the "Planning Process" for defining ratings and setting procedures and criteria ("Policy on Credit Ratings"), the "Implementation Process" for appropriately applying the Credit Ratings and credit pools assignment criteria, and the "Validation Process" for ensuring the suitability and objectivity of Credit Ratings.

• Administration Process of Credit Ratings




#### 1) Planning Process

The planning process is the procedure to establish credit rating assignment criteria, credit pool categories and credit rating model* to secure the objectivity of the internal rating management, for which credit risk management related departments are responsible.

* Our credit rating model is a tool we have developed on our own to allocate the rating grade that corresponds statistically to the probability of default (PD) by using the financial data of obligors.

#### 2) Implementation Process

In the implementation process, the credit rating assignment and assignment of credit pools are undertaken in accordance with the criteria prescribed in the planning process. Credit rating assignments and credit pool assignments are the responsibility of the Research Department or the business department in charge as the "implementation department." The procedure of credit rating assignment consists of a new assignment, regular review and monthly review, and the rating system is run in a way where Credit Ratings are reviewed in a timely manner in response to

changes in the creditworthiness of obligors.

Furthermore, we assign Credit Ratings to clients in a combination of "quantitative assessment" and "qualitative assessment." "Quantitative assessment" is an assessment based on our credit rating model and mapping with external ratings, while "qualitative assessment" is an assessment based on human judgments ("expert judgment"). As we take the approach to determine Credit Ratings by combining "quantitative assessment" and "qualitative assessment," the monitoring of the objectivity of "qualitative assessment" made by expert judgment ultimately becomes important in ensuring the suitability of ratings.

In SuMi TRUST Bank, throughout the implementation process, credit risk management related departments are monitoring the proper implementation of Credit Ratings in accordance with criteria set by the implementation department. Through the monitoring function of the implementation process, credit risk management related departments ensure the soundness of the entire process, including the appropriateness of the objectivity of expert judgment.

• Implementation Process of Credit Ratings




### 3) Validation Process

Credit risk management related departments, as "Validation Departments," carry out validation work once a year in order to ensure the accuracy and adequacy of results of the Credit Ratings model.

In the validation process, implementation departments provide data for validation, while validation departments undertake validation of the following items:

1) Credit rating results—suitability validation
2) Credit rating assignment criteria—objectivity validation
3) Credit pool classification—suitability validation
4) Parameters applied to Credit Ratings and credit pool—suitability validation

## (3) Procedures for Ratings Assignment under the Internal Ratings Systems

### 1) Procedures for Assigning Domestic Credit Ratings (Obligor Ratings)

#### 1. Subjects to be Rated

We assign Credit Ratings to all domestic corporate obligors (residents and nonresident Japanese).

#### 2. Quantitative Assessment

In Domestic Credit Ratings, we use the credit rating model under which obligors' financial indicators are explanatory variables, and the typical PD is the explained variable. In building our Credit Ratings model, we have classified our obligors into five industry categories of manufacturing, wholesale/retail, services (including nonbanks), transportation/communications and construction/real estate in order to reflect financial characteristics of each industry sector in the assessment, and adopted statistical methods to choose financial indicators with a high correlation to the PD. Also, for financial data employed to build the model and to assess individual obligors by using the model, we use information such as unrealized losses collected and analyzed by branches and departments in addition to public financial statements, thus enabling the quantitative assessment that reflects the actual condition of obligors.

#### 3. Qualitative Assessment

The analysts in the implementation departments responsible for assigning sector-by-sector Credit Ratings assess "keiretsu" corporate groupings, industry circumstances, external ratings, future cash flow stability and other information that is not reflected in financial indicators (expert judgment).

For expert judgment, the margin of modification is limited, and qualitative assessment items are indicated in writing in order to contain the arbitrariness of those employees responsible for the assignment of Credit Ratings. Furthermore, departments which manage credit risk supervise the content of revisions to ensure objectivity.

### 2) Procedure for Assigning International Credit Ratings (Obligor Ratings)

#### 1. Subjects to be Rated

We assign Credit Ratings to all overseas obligors (non-residents and non-Japanese).

#### 2. Quantitative Assessment

Given the limited availability of data compared to Domestic Credit Ratings, Non-Japanese Credit Ratings look to external ratings (Moody's and S&P) as main judgment factors (for base ratings and quantitative assessment ratings). When there are external ratings, in principle, issuer ratings are regarded as "Base Ratings" and as main judgment factors. When there are multiple external ratings, whichever is lower is used as the standard rating, in principle.

When there are no external ratings, we compare other companies in the same industry (in principle, multiple companies are selected from the same industry in the same country), or ratings based on the "Credit Statistics" published by rating agencies, and determine the "quantitative assessment ratings" as a prime factor for rating. Through this procedure, we secure the consistency of credit assessment criteria between obligors with external ratings and obligors without external ratings.

#### 3. Qualitative Assessment

The qualitative assessment ratings by expert judgment are determined on the basis of qualitative assessment criteria for Domestic Credit Ratings and also by incorporating assessment factors not used in Japan, and limits are imposed on the margin of modification for each item of assessment. Furthermore, departments which manage credit risk supervise the content of revisions to ensure objectivity.

### 3) Procedure for Assigning Structured Ratings

#### 1. Subjects to be Rated

Structured Ratings are assigned to structured finance projects with the cash flows generated from specific financed assets or businesses as the source of principal and interest payments.

#### 2. Quantitative Assessment

Two indicators are used for the quantitative assessment of Structured Ratings, for example in terms of real estate non-recourse loans: (i) the loan to value (LTV), which is the ratio of the amount of loans taken out or bonds issued to the appraised value of the subject asset; and (ii) the debt service coverage ratio (DSCR), which is the ratio of net cash flow to the amount of interest on loans or bonds plus contracted principal payments. By combining these two indicators, we assess default risk during a given period and the certainty of redemptions by the sale of subject property at maturity and/or refinancing.

In addition, we assess the DSCR conservatively in anticipation of changes in the environment during a given period.

#### 3. Qualitative Assessment

In a real estate non-recourse loan, for example, in cases such as when a highly creditworthy tenant has undertaken a long-term lease contract, the assessment by expert judgment, in some cases, adjusts the rating level by taking these factors into consideration.

Since Structured Ratings are strongly individualized depending on specific transactions, we ensure the objectivity of ratings assigned by monitoring the adequacy of qualitative assessment at credit risk management related departments.

### 4) Procedure for Assigning Facility Ratings

#### 1. Subjects to be Rated

We assign Facility Ratings to loans (including acceptances and guarantees, as well as commitment lines) to corporations, sovereigns and financial institutions subject to Domestic Credit Ratings (obligor ratings).

#### 2. Assessment Method

Facility Ratings provide ratings that rank the possibility of loss in individual facilities based on factors such as guarantees, collateral and duration of credit.

5) Procedures for Assignment of Credit Pool Categories

1. Transactions Subject to Credit Pool Categorization

A credit pool is a group of transactions with similar risk profiles with regard to risks relating to the obligors as well as the transactions. In principle, SuMi TRUST Bank applies the credit pool management approach to small-lot loans provided to individuals, etc. However, business finance loans to individuals with an outstanding balance of ¥100 million or higher, are assigned Obligor Ratings and managed individually.

2. Assignment of Credit Pool Categories

Regarding credit subject to the credit pool management approach, loans are divided into several categories according to several categories according to product type, obligor status, transaction status, collateral coverage status and delinquency status. The loans are divided into three subcategories' "residential mortgage exposure," "qualifying revolving retail exposure" and "other retail exposures."

Assignment into credit pool categories is carried out by the implementation departments based on product type, transaction status and other factors.

## 4. Market Risk Management

Market risk refers to the risk that the SuMi TRUST Group incurs losses due to fluctuations in the value of assets/liabilities (including off-balance sheet assets/liabilities), or in the earnings generated from assets/liabilities, due to fluctuations in various market risk factors, such as interest rates, foreign exchange rates, stocks, commodities, and credit spreads. Of this, "market liquidity risk" in particular means risk that the SuMi TRUST Group incurs losses caused in a situation where it becomes impossible to conduct transactions in the market or becomes obligatory to trade at prices significantly disadvantageous than usual due to market turmoil.

We are building a more advanced market risk management system, after considering the impact on markets of fluctuations of such factors as interest rates and foreign exchange rates following the monetary easing by the Bank of Japan.

(1) Market Risk Management Policy

In managing market risk, we aim to ensure adequate profits commensurate with the strategic targets, scale and characteristics of the business of the SuMi TRUST Group. We are doing this by improving the management system, along with ensuring its operational soundness by adequate control over risks.

(2) Market Risk Management Framework

1) The Board of Directors approves and determines the ALM* Basic Plan and a risk management plan as important matters related to market risk and liquidity risk under management plans on a semiannual basis.

2) The Executive Committee deliberates and decides on a semiannual basis the ALM Basic Plan and a risk management plan referred by the ALM Committee. In addition, based on reports on the status of market risk management, the Executive Committee implements measures to develop and improve the framework for facilitating control functions.

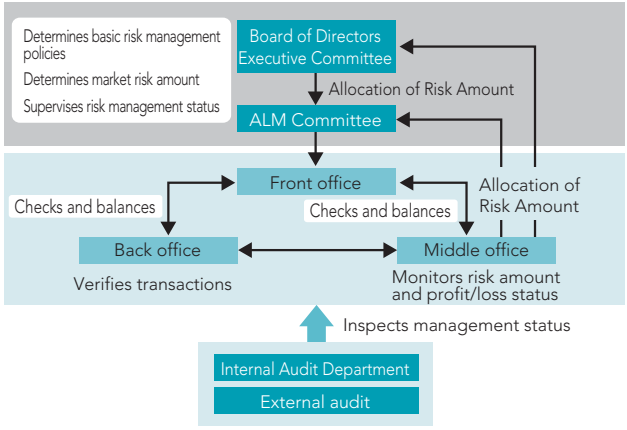
3) The ALM Committee plans on a semiannual basis the ALM Basic Plan on a company-wide comprehensive risk operational management basis for assets/liabilities as well as a risk management plan related to market and liquidity risk. The ALM Committee is held on a monthly basis and controls market and funding risks on a consolidated basis, and strives to ensure the soundness of the composition of assets and liabilities as well as stability of earnings.

4) As a middle office independent from departments responsible for market trading (front office) and departments responsible for business processing (back office), the Corporate Risk Management Department is in a position to ensure proper control functions among the front and back offices.

5) The Internal Audit Department conducts internal auditing of the adequacy and effectiveness of the risk management framework.

* ALM: Asset-Liability Management, designed to manage cash flows, liquidity, foreign exchange risk, interest rate risk, etc. by grasping the attributes of maturities and interest rates from assets and liabilities.

• Market Risk/Funding Risk Management Framework




### (3) Market Risk Management Methods

We grasp the market risks within the SuMi TRUST Group and establish the risk limits and loss limits at each principal company according to the ALM Basic Plan. Status of adherence to the aforementioned limits is reported to the members of the ALM Committee on a daily basis. Reports are presented on a regular basis mainly to the Board of Directors as well as the ALM Committee. The reports related to compound risk analyses including grasping the sensitivity to risk factors by position, management of precursors of volatility in risk factors and emergency preparedness using stress tests, all as part of a multi-faceted risk management process combining qualitative and quantitative aspects.

### (4) Market Risk Measurement Model

Market risk is quantified using VaR as a measurement standard, with confidence interval and holding period defined as follows:

Confidence interval:
99%

Holding period:

| | |
|---|---|
| Trading: | 10 days |
| Banking | |
| ALM-related positions: | 63 days (3 months) |
| Credit investment and strategic investment: | 260 days (1 year) |
| Others: | 21 days (1 month) |

Furthermore, we are conducting stress tests in order to complement the limited effectiveness of the VaR measurement, which is affected by market fluctuations in the past observation period. Amounts of expected loss from the current portfolio are regularly estimated, assuming scenarios based on the past maximum fluctuation as well as forecasted future movement of each risk factor.

### (5) Compliance with Capital Adequacy Regulations

#### 1) Calculation of Market Risk Equivalent

The market risk equivalent refers to the sum of market risk in the trading account and foreign exchange risk and commodities risk in accounts other than the trading account, which is a factor used to calculate capital adequacy ratio. We calculate the market risk equivalent mainly by applying the Internal Models Approach*.

* We apply the Standardized Approach concerning individual risks at the parent company and exchange rate risks at consolidated subsidiaries.

We validate the reliability and effectiveness of the internal model by conducting back testing.

#### 2) Outlier Ratio

Regarding the amount of interest rate risk for the banking account under the current capital adequacy regulations, when economic value calculated*1 under a certain interest rate fluctuation scenario*2 declines by more than 20% of total capital (Tier 1 capital + Tier 2 capital), a bank falls under the category of "outlier banks," and remedial actions to improve its stability will be made. The outlier ratio is obtained by dividing the overall amount of interest rate risk by total capital. As indicated by the table on page 388, our outlier ratio (on a consolidated basis) was 2.9% as of March 31, 2015, keeping us out of the category of outlier banks. The amount of interest rate risk in the banking account, the amount of interest rate risk for internal management purposes and the overall amount of interest rate risk used for calculating the outlier ratio are not necessarily the same because of differences in the measurement method, calculation conditions and other matters.

*1 Our risk measurement method uses the interest rate sensitivity approach. Core deposits are defined as the lowest of the following three, as an upper limit, for the five-year maturity (the average term of 2.5 years): 1) the lowest balance of deposits in the past five years; 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits; or 3) the amount equivalent to 50% of the current balance of deposits.

*2 Our interest rate fluctuation scenario assumes an interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one year holding period and the minimum observation period of five years for the Japanese yen, U.S. dollar and Euro.
Regarding currencies which account for less than 5% of our overall assets or liabilities, we uniformly use a parallel shift of 200 basis points upward or downward as an interest rate fluctuation scenario.

## 5. Funding Risk Management

Funding risk refers to the risk that the SuMi TRUST Group incurs losses in a situation where it becomes impossible to secure necessary funds or becomes obligatory to raise funds at interest rates significantly higher than usual.

We are building a more advanced funding risk management system, after considering the needs for increased foreign currency funding associated with overseas business expansion and the compliance with new global standards (e.g. Basel Ⅲ) in terms of banks' capital adequacy and liquidity.

### (1) Funding Risk Management Policy

As a basic principle, SuMi TRUST Bank adequately manages funding risks based on a policy that seeks a balance between two pillars: the cost and constant availability of funding through diversified sources of financing, and preparedness for emergencies through verification of funding capabilities under a stress environment and the prior review of countermeasures. Our balancing of these two pillars is with full recognition that such risks, in the event they materialized, could directly lead to the collapse of the SuMi TRUST Group.

### (2) Funding Risk Management Framework

Funding risks are managed under a similar framework as the aforementioned market risk management framework.

### (3) Funding Risk Management Methods

As criteria for funding risk management, risk limits on a company-wide basis and by business base, as well as by currency of denomination are set out, along with actions to be taken in the event of a breach of such limits, under the ALM Basic Plan, where status of adherence to such criteria is being monitored on a daily basis. Meanwhile, SuMi TRUST Bank identifies the amount of funds necessary in the event of materialization of funding risks. It achieves the identification of the amount of funds necessary by carrying out stress tests based on several scenarios such as abrupt changes in the market environment and changes in the funding environment specific to the SuMi TRUST Group. Furthermore, contingency plans have been developed to serve as crisis management measures. These cope with each status of funding based on the phases of the funding event that are predetermined depending on the funding tightness (on the levels of normal, symptomatic, alarming, and critical).

## 6. Operational Risk Management

Operational risk refers to the risk that the SuMi TRUST Group incurs losses resulting from inappropriate business processes, the activities of executives or employees and computer systems as well as from external events, and is classified into business processing risk, system risk, information security risk, legal and compliance risk, human resource risk, event risk and reputational risk for the purpose of risk management.

We will further enhance our operational risk management framework to remain prepared mainly for new risks that may emerge in association with the development in information technology.

### (1) Operational Risk Management Policy

In developing an operational risk management system, we make it a principle to carry out adequate risk management in accordance with the scale and characteristics of businesses and risks involved, in an effort to ensure soundness and appropriateness of their businesses. This is based on the recognition that operational risk is something unavoidable in the course of business execution.

### (2) Operational Risk Management Structure

1) The Board of Directors summarizes the matters to be addressed over the entire process of operational risk management along with specific actions, and it sets out the "Risk Management Plan (Operational Risk)," which is reviewed regularly or as necessary, on the basis of reports on the operational risk management situation.

2) The Executive Committee maintains the proper conditions for operational risk management, such as establishing the Operational Risk Management Committee and operational risk management-related departments including departments responsible for comprehensive management of operational risk and departments responsible for the management of respective risk subcategories.

3) In the Operational Risk Management Committee, the executive officers in charge of the operational risk management-related departments and the general managers of the departments responsible for supervising each business receive reports on operational risk information including significant losses associated with operational risk while engaging in deliberation and consultation on these matters as necessary.

4) The Risk Management Department, which has overall responsibility for operational risk management, is committed to developing and enhancing the SuMi TRUST Group-wide operational risk management system, in coordination with the departments responsible for managing the subcategory risks.

5) The departments responsible for managing the subcategory risks are committed to developing and enhancing the SuMi TRUST Group-wide risk management system in each respective subcategory.

6) The Internal Audit Department conducts internal audit of the adequacy and effectiveness of the risk management system.

### (3) Operational Risk Management Methods

Operational risks involved in all areas of the SuMi TRUST Group's business, including outsourced business, are subject to operational risk management, which adequately identifies and assesses risk from both qualitative and quantitative perspectives. Meanwhile, preventative measures against risk materialization, as well as responses in the event of materialization, causal analysis and recurrence-prevention measures are formulated to mitigate operational risk.

Management regarding Operational Accidents

As a countermeasure against operational accidents, such as incidents in which SuMi TRUST Bank and/or its client(s) suffer loss as a result of inappropriate handling of business matters, SuMi TRUST Bank is improving its reporting and management systems for operational accidents, to ensure proper handling of accidents at the time of their occurrence, prevention and elimination thereof, as well as to improve the quality of business process.

In the event of an operational accident, a concerned/involved department registers the accident with a reporting system, whereby it shall promptly be reported to the departments responsible for the businesses and the risk management. Furthermore, depending on the significance of the accident, such as the scope of its impacts and the size of associated loss, the report shall further be escalated to the bodies such as the Operational Risk Management Subcommittee, Operational Risk Management Committee and the Executive Committee. Upon receiving instructions from the departments responsible for the businesses, the department involved in the accident shall provide a prompt and appropriate response to clients, while it investigates and analyzes the causes of its occurrence, as it considers, develops and implements the measures to prevent its reoccurrence.

For the purpose of periodical analysis, the departments responsible for the businesses analyze the trends and causes of operational accidents in their respective business, and develop measures to prevent reoccurrence as deemed effective across the entire business. The risk management-related departments develop and review measures to prevent reoccurrence as deemed effective from a company-wide and cross-departmental point of view.

### (4) Business Processing Risk Management Activities

Business processing risk refers to the risk that the SuMi TRUST Group incurs losses due to inappropriate business procedures arising from executives or employees neglecting to engage in proper business activities, or other incidents such as accidents or fraud. Engaging in a broad range of businesses including banking, asset management, asset administration and real estate, SuMi TRUST Bank recognizes that business processing risk is something unavoidable in the course of business execution. SuMi TRUST Bank is processing risk management in accordance with the scale and characteristics of business operations and risk so as to ensure peace of mind and satisfaction for its clients.

The IT & Business Process Planning Department, which is responsible for comprehensive management of business processing risk, comprehensively reviews inter-business issues concerning business processing risk and business process streamlining, and develops a system for ensuring the effectiveness of SuMi TRUST Bank's business processing risk management from a company-wide viewpoint. Meanwhile, we have established a department to oversee and provide guidance to business processing operations at each business, which reviews policies set out in each business and provides guidance and training on general business processing to the head office departments and the business offices.

SuMi TRUST Bank developed a risk management plan that incorporated the goals for business processing risk management and it has implemented activities to mitigate business processing risk, including documentation of business processing, exhaustive checks for clerical errors and associated analysis, development of remedial measures and cautioning based on the macro analysis of clerical errors, outsourcing management, and self-inspection.

### (5) System Risk Management Activities

System risk refers to the risk that the SuMi TRUST Group incurs losses due to such reasons as computer system failure, malfunctions and defects, as well as the risk that the SuMi TRUST Group incurs losses due to unauthorized use of a computer.

Since computer systems are vital for SuMi TRUST Bank to carry out its business operations, SuMi TRUST Bank recognizes that system risk is a serious risk with potential impacts on a wide range of clients, which may cause disrepute to SuMi TRUST Bank. Therefore, SuMi TRUST Bank is conducting adequate system risk management in accordance with the importance, nature and operational function of each system.

The IT & Business Process Planning Department, which is responsible for system risk management, strives to mitigate system risk, through measures to prevent system risk from materializing, adequate response and causal analysis of the risk when materialized, and development of measures for the prevention of reoccurrence.

SuMi TRUST Bank enhances the credibility of hardware and software as well as system operation, through measures including maintenance of hardware, securing of spare/alternate functions, back-up in place and preparation of manuals. Measures for ensuring security of the information system and preventing illegal access and use are also in place. Meanwhile, in order to minimize the impact of failure or disaster on the information system and to ensure early recovery and business continuity, we have in place a clarified communication and response system, manuals describing alternate measures and recovery procedures, along with the implementation of education and training on operations.

### (6) Information Security Risk Management Activities

Information security risk refers to the risk that the SuMi TRUST Group incurs losses because information assets are not properly maintained or managed. This includes information leaks, incorrect information, an inability to use the information system and misuse of information. Since the information asset is one of the critical management resources involving the risk that could disrupt the basis of management, SuMi TRUST Bank adequately maintains and manages all information assets under its care.

The IT & Business Process Planning Department, which is responsible for information security risk management, is committed to developing and enhancing an information security risk management system.

SuMi TRUST Bank places degrees of importance on all information assets under its care according to the severity of potential losses that SuMi TRUST Bank and clients may incur in the event of their leaks, loss or alteration. Methods and procedures for acquisition, use, management, safekeeping, internal communication, external use and disposal of information assets are set out according to the degrees of importance, for the effective implementation of security measures.

Meanwhile, we, as a business operator handling personal information, adequately manage personal information in compliance with the laws pertaining to the protection of personal information and guidelines set forth by government agencies, in addition to other standards. In addition, we have announced the "Declaration for the Protection of Personal Information" in an extensive effort to protect the personal information of our clients and shareholders.

SuMi TRUST Bank is providing education and information to raise awareness of the information security risk management on a company-wide basis. Furthermore, the adequacy and effectiveness of the personal information management system are verified and ensured through self-inspection and internal audits.

### (7) Activities to Manage Other Operational Risks

For legal and compliance risk management, we carry out verification from a legal perspective, such as legal checks, regarding the consistency of internal rules as well as the legality and adequacy of transactions and operations.

For human resource risk management, we have built a risk management system including the provision of internal training courses, interviews and consulting contacts to deal with personnel and labor management issues, such as unequal or unfair treatment of personnel and harassment.

For event risk management, we maintain preparedness against the risk events that impair business, such as natural disasters, the spread of infectious diseases, fire, crimes and traffic accidents, by developing preventative measures including mitigation measures, disaster prevention, crime prevention and safe operation management. We have also built and deployed a business continuity management system.

For the management of reputational risk, SuMi TRUST Bank has built a system to prevent mass media reports, rumors or speculation that could compromise the reputation of SuMi TRUST Bank or its subsidiaries and to conduct public announcement as well as respond to clients in a prompt and appropriate manner in the event that such a reputational issue arises.

### (8) Compliance with Capital Adequacy Requirements

#### 1) Calculation of Operational Risk Equivalent Amount

Since the end of March 2014, SuMi TRUST Bank has adopted the Advanced Measurement Approach in lieu of the Standardized Approach, which was used previously, in the calculation of the operational risk equivalent amount under capital adequacy requirements.

Exceptionally, we adopt the Basic Indicator Approach or the Standardized Approach for a portion of the corporations deemed less important in the calculation of the operational risk equivalent amount and corporations that are in preparation for the adoption of the Advanced Measurement Approach.

#### 2) Outline of the Advanced Measurement Approach

##### 1. Measurement Framework

SuMi TRUST Bank calculates the operational risk equivalent amount by aggregating "each maximum loss amounts of operational risk expected over a period of one year, with a one-sided confidence interval of 99.9% (hereinafter "VaR")," for each of the eight quantification units (six businesses, corporate management sections and earthquakes) that are based on the consistency between management regarding operational accidents and profit management.

The operational risk equivalent amount is calculated using the four elements that are pre-requisites for the adoption of the Advanced Measurement Approach, i.e. internal loss data, external loss data, business environment and the internal control factors, and scenario analysis, as well as the quantification model. The results of the calculation are utilized in activities to enhance operational risk management, including the deliberation of measures to improve the internal control factors.

Additionally, in the calculation of the operational risk equivalent amount, we do not reflect the mitigating effects of insurance, and do not exclude expected loss or conduct adjustments based on the correlation between the quantification units.

- Internal Loss Data
  Information on losses associated with operational risk occurring within the SuMi TRUST Group
- External Loss Data
  Information on losses associated with operational risk gathered from outside of the SuMi TRUST Group
- Business Environment and Internal Control Factors
  Factors relating to the business environment and the internal control factors of the SuMi TRUST Group that will impact operational risk

- Scenario Analysis
  Estimation method of the amount and frequency of serious losses associated with operational risk based on expert knowledge, experience and information on operational risk

### 2. Scenario Analysis

In order to accurately understand SuMi TRUST Bank's risk profile, we identify events involving a large amount of losses associated with operational risk that cannot be covered by internal loss data alone when we conduct scenario analysis. We also construct scenario data that estimate loss amount and probability of such events.

The evaluation results of elements including the business environment and the internal control factors are reflected in the subjects to the construction of scenario data, and the estimation of loss amount and frequency.

In addition, we ensure the objectivity, accuracy and completeness of the constructed scenario data by conducting verification using both internal loss data and external loss data.

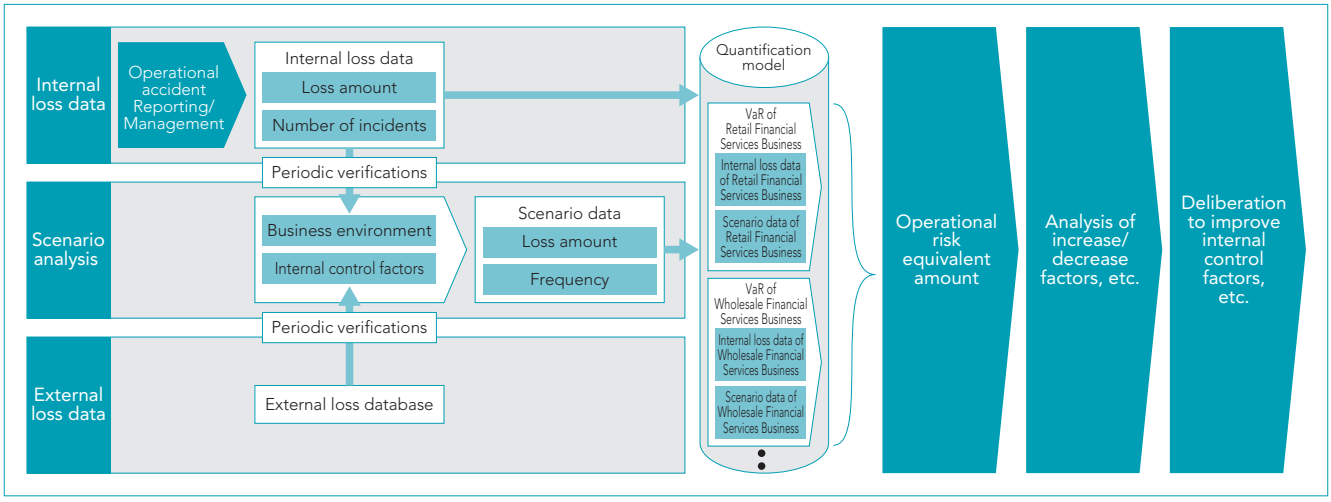
### 3. Quantification Model

The VaR of each measurement unit is calculated by plotting frequency distributions and severity distribution based on the internal loss data and the scenario data prepared through the scenario analysis, and expressed through Monte Carlo simulation that mixes such distributions and estimates the total severity distribution.

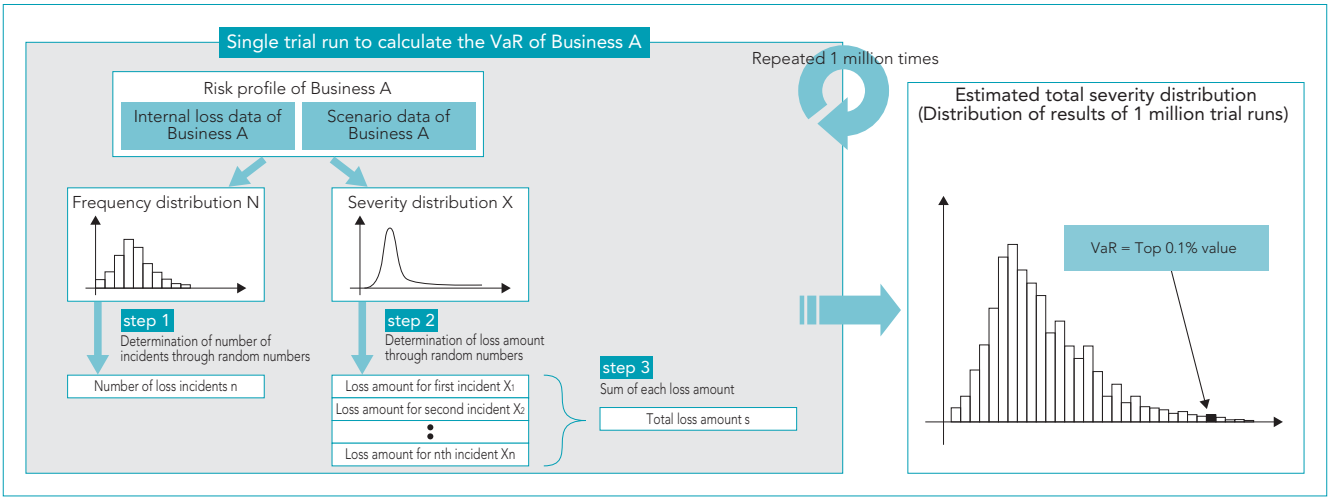
The Poisson distribution has been applied to the frequency distribution, and our own distribution method has been applied to severity distribution in order to grasp the amount of tail risk.

We confirm the appropriateness of the quantification model and the results of the VaR calculations by conducting periodic verifications such as back testing.

• Outline of the Quantification Framework



• Outline of Quantification Model




## 7. Other Related Matters

### (1) Securitization Exposures

Securitization is a transaction where credit risks of multiple underlying assets are divided into two or more different classes forming a senior and subordinated structure, and are then transferred partially or wholly to third parties. Well-known such products, by type of underlying assets, include residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and collateralized loan obligations (CLO), apart from re-securitization products backed by securitization products. In a securitization transaction, credit risk measurements differ between an originator, who brings securitized products to the market, and an investor, who purchases securitization exposures. The originator does not bear any credit risk, if such risk is completely transferred in a securitization transaction, but is left with some credit risk, if it accepted a subordinated portion in designing securitized products. The investor who purchased securitized products naturally bears credit risk inherent in such products. Meanwhile, re-securitization products, as they are backed by securitization products, make it more difficult to identify the risks involved, and may carry higher credit risk than ordinary securitization products.

We participate in the securitization market principally as an investor, but also have a track record of designing securitized products as an originator. We are also in the business of appropriately managing underlying assets for investors as a trustee in securitization, though we do not bear credit risk in doing so.

#### 1) Management Policy of Securitization Exposures

##### 1. Investor

In principle, we invest in securitization products assigned with high external ratings, and we manage risks by assigning credit ratings (structured ratings) according to our internal credit ratings system. During the investment periods, we regularly monitor not only external ratings but also the status and performance of the underlying assets of each securitization product, risk characteristics and the status of structures of the securitization transactions, which are reflected in a review of credit ratings to ensure stable earnings opportunities. In principle, re-securitization products are also subjected to a similar risk management.

2. Originator

We are considering the possibility of making more active use of securitization transactions, with the SuMi TRUST Bank Group as an originator, as a means of controlling our loan portfolio. In doing so, we plan to design transactions that would effectively realize the intended transfer of credit risks, and also calculate credit risk-weighted assets we bear after securitization in an appropriate manner. The SuMi TRUST Bank Group engages in securitization transactions of assets purchased from third parties, along with the assets held by affiliated companies within the scope of consolidation of the holding company. In both cases, we adopt schemes involving the use of trusts as conduits for the purpose of securitization, where the trust beneficiary rights with respect to the retained subordinated portion remain our exposure.

While securitization products originated by the SuMi TRUST Bank Group are, in principle, held by investors outside the scope of consolidation of SuMi TRUST Holdings, some are held by SBI Sumishin Net Bank, Ltd., an affiliated company of the SuMi TRUST Bank Group.

2) Accounting Policies for Securitization Transactions

In implementing securitization transactions, we have adopted a method of sale that recognizes the extinguishment of financial assets with the transfer to others of control of contractual rights over financial assets, in line with accounting standards for financial products. In the case of loans, for example, we recognize the extinguishment of assets, in principle, when the transfer of assets is legally completed and the payment for the transfer is received. In the case where we hold retained equity after the execution of a securitization transaction, we do not recognize the sale of assets for a portion related to the retained equity concerned, and include it in credit risk-weighted assets. On the other hand, in transactions involving a considerable amount of credit provision without prior payment of fund, an accounting treatment is adopted in which raised funds are recorded as a liability. Meanwhile, assets held for the purpose of securitization transactions are valued according to the accounting standards for financial instruments, and recorded in the banking account.

3) Management Method of Securitization Exposures

In calculating the amount of credit risk for securitization exposures, we use specific individual credit ratings assigned to securitization exposures, and measure the risk amount in much the same way as with ordinary corporate exposures. Interest rate risk associated with securitization exposures is subject to the calculation of market risk.

4) Compliance with Capital Adequacy Regulations

In calculating credit risk-weighted assets in securitization exposure, we prioritize calculation methods and choose the most applicable calculation methods. For securitization exposures assigned with qualifying external ratings, we use an "external ratings-based approach" to calculate risk-weights. For securitization exposures without qualifying external ratings, we apply the "supervisory formula" commensurate with the characteristics of underlying assets to the calculation of risk-weights. Securitization exposures to which neither of the above-mentioned approaches can be applied are deducted from total capital. The total of capital charges against securitization exposures held is not to exceed the amount of required capital in the case where the IRB Approach is applied to underlying assets.

Qualifying rating agencies we use when we calculate credit risk-weighted assets with the "External Ratings-Based Approach" are Rating and Investment Information, Inc. (R&I); Japan Credit Rating Agency, Ltd. (JCR); Moody's Investors Service, Inc. (Moody's); Standards & Poor's Rating Services (S&P); and Fitch Ratings Ltd. (Fitch).

While securitization exposure is in principle subject to credit risk-weighted calculations, we use the standardized approach when calculating market risk-weighted equivalents.

(2) Banking Account Equity Exposures

We purchase equities through the banking account as part of our investment operations, and also make capital participation in organizations that can be expected to bring benefits to us and acquire equities in our clients to help strengthen business relations with them.

### 1) Management Policy for Banking Account Equity Exposures

While some of the equities we hold are intended to gain short term investment returns or returns pertaining to long-term business relations, listed stocks are marked to market and are therefore exposed to the risk of market price fluctuations.

We measure the risk of equity exposures by broadly classifying them into those listed and unlisted. For listed equity exposures with market prices, we recognize the volatility of market prices as risk, and measure equity VaR with an estimated holding period of one month, and the one-tailed 99% confidence interval, in the same way as with other market risks in the banking account, such as interest-rate risk.

Regarding unlisted equities, for which market price fluctuations cannot be observed directly, the amount of risk with a one year holding period is measured by the method of indirectly estimating the volatility of an appropriate alternative indicator or by invoking the PD/LGD Approach prescribed under capital adequacy regulations.

As stocks of consolidated subsidiaries are canceled out with capital accounts of such subsidiaries on the consolidated financial statement, capital on the consolidated financial statement is affected not by price fluctuations of equities of subsidiaries but by fluctuations of prices of assets held by subsidiaries. Thus, the risk to be measured is not the risk of the value of stocks held declining but the credit risk and market risk directly borne by subsidiaries. In contrast, the risk to be measured for equity method affiliates is the risk of the value of stockholdings declining.

### 2) Management Method of Banking Account Equity Exposures

Under capital adequacy regulations, we apply different risk calculation methods for domestic and overseas equity exposures.

As for domestic equities, equity exposures to obligors and listed companies are calculated with the regulatory formula using credit ratings assigned. We apply the simplified approach to exposures of domestic stocks without credit ratings and overseas equities, and calculate risk assets by multiplying those exposures by risk-weights set separately for listed and unlisted equities.

## (3) Credit Risk Mitigation Measures

Controls of credit exposures can be achieved not simply by reducing the balance of outstanding credit but also by seeking to loan protection via collateral and guarantees. These protection measures are collectively called "credit risk mitigation techniques."

While we measure the creditworthiness of clients comprehensively by looking at their business status and technological capabilities as well as their future potential, we also employ the credit risk mitigation techniques in order to cover deficiencies in creditworthiness or enhance the quality of loans.

In doing this, it is necessary for the credit risk mitigation techniques to be "valid" both legally and practically. In order to ensure that validity, we set internal standards for sound and reliable protection and management. In recent years, we have witnessed the emergence of a new strain of collateral, which is not included in the past standard method, such as "intellectual property rights." We intend to respond to the demands of the times, and are striving to build up our capabilities to accurately assess new kinds of assets.

### 1) Collateral

While collateral cannot be determined uniformly due to varying specific circumstances of obligors, we accept collateral that is most suitable for the use and character of loans and has good security qualifications.

We investigate and assess collateral in a prudent manner, bearing in mind the degree of difficulty in actual disposal and realization of collateral as well as legal limitations and economic constraints.

Principal collateral we accept includes the following:

- Commercial bills before maturity that fully meet statutory requirements with settlement certainty
- Yen-denominated time deposits and deposits at notice with us
- Beneficiary rights of principal of designated money in money trusts or beneficiary rights of principal and income of such trusts with us
- Beneficiary certificates of loan trusts with us (both registered and bearer form)
- Public and corporate bonds, listed stocks and securities investment trusts (bearer form)

- Land or land and buildings located for manageability, ease of disposal and with certain collateral quality
- Ships with certain collateral quality
- Foundations having good-quality, well-managed properties with settlement certainty in terms of earning capacity
- Claims payable to specific persons that meet certain requirements

The assessment of collateral is conducted once a year, in principle, for real estate and ships, while equities and other collateral with market value are assessed by current prices.

### 2) Guarantees

Guarantees are classified into several types, including specific debt guarantees covering only specific debts and revolving guarantees. In any event, we recognize guarantees that are consistent with our validity criteria for the effects of credit risk mitigation, including those with confirmed guarantee capacity and guarantee intentions, and also recognize guaranteed transactions in the process of screening credit applications. While we broadly recognize the validity of guarantees not only with formal guarantee agreements but also under signed memorandums and commitments to guarantee depending on accompanying terms and conditions, we set requirements for documents and other materials used to confirm potential guarantors' abilities and intentions of providing guarantees and give importance to the substantive effectiveness of guarantees instead of simply relying on written guarantee agreements.

### 3) Offset

We net loans owned against deposits from the same counterparty, in principle, on the basis of Japanese laws and only with clients who have concluded bank transaction agreements containing clauses for timely netting.

### 4) Netting

When we conduct derivatives transactions and repurchase agreement transactions, we conclude, in principle, legally valid bilateral netting agreements (ISDA master agreements, etc.) with counterparties. When reasons for early termination emerge, we mitigate credit risk by invoking bilateral netting agreements for the closeout netting of multiple derivatives transactions and repurchase agreement transactions concluded with counterparties concerned. We are also pushing for the conclusion of the Credit Support Annex ("CSA") as associated agreements to ISDA master agreements in order to minimize credit risk in derivatives transactions. CSAs are bilateral agreements for credit enhancement, under which we and CSA counterparties calculate the present value of a derivatives transaction and the party with revaluation loss provides the other party with unrealized gains via collateral with the value equivalent to the revaluation loss.

Collateral is offered and received on a continuing basis between us and the CSA counterparty to make the revaluation gain/loss neutral. When the creditworthiness of one party deteriorates and is downgraded, however, the need arises to offer additional collateral* to account for the impact of the downgrade.

* The value of additional collateral varies depending on individual agreements with CSA counterparties.

### 5) Compliance with Capital Adequacy Regulations

The capital adequacy regulations narrowly define types and requirements of credit risk mitigation techniques that can be used to mitigate risk-weighted assets in the calculation of credit risk-weighted assets. As described above, we make use of credit risk mitigation techniques as much as possible, and set the scope of the credit risk mitigation techniques that can be applied to the calculation of our capital adequacy ratio as follows, after scrutinizing their eligibility for the notified requirements:

### 1. Qualifying Financial Asset Collateral

- Netting of loans against deposits (limited to jurisdictions where netting is authorized in a stable manner and also based on judicial precedents, etc., with offset agreements in place), deposits as collateral
- Legally valid bilateral netting agreements and credit enhancement by CSA, regarding derivatives transactions and repurchase agreement transactions
- Listed securities (Acceptable listed securities are shares. When accepting shares as qualifying financial assets collateral, we take into consideration the relationship between the obligor and the issuer of the shares)

2. Qualifying Assets Collateral

- Qualifying real estate asset collateral (land only or land and accompanying buildings, foundation)
- Other qualifying asset collateral (ships)

3. Guarantee and Credit Derivatives

- We accept guarantees mainly from public-sector organizations and business enterprises (guarantors) and purchase credit derivatives mainly from financial institutions (protection providers). Legally valid agreements, which appropriately provide the rights for guarantee and protection unharmed, are classified as qualifying instruments so that credit risk mitigation effects are ensured.

6) Regarding the concentration of credit and market risks resulting from the use of credit risk mitigation techniques

- Guarantees and credit derivatives are deemed to involve concentration risk.
- Guarantors tend to be the parent companies of obligors, and we are not relying on any particular guarantors. In our controls of the credit limits regarding an obligor, we monitor and control concentration risk through total management of the entire group to which the obligor belongs regardless of whether a guarantee is provided by the parent or not.
- The total notional principal amount of credit derivatives purchased by SuMi TRUST Bank is not significant as credit risk. We manage the notional principal amount as part of the credit limits for the protection provider.

(4) Credit Risk in Market Trading

Approach to Manage Credit Risk in Market Trading

When conducting market trading with financial institutions as counterparties, credit risk as well as market risk arises, making it necessary to conduct appropriate risk management in accordance with the types of transactions. In order to contain credit risks associated with repetitive market trades with specific counterparties within a certain range, we are managing such risks by establishing credit lines for respective counterparties.

In terms of posting of exposure, in principle, we treat principal or notional principal in contracted market trades as credit equivalents. We calculate these by applying the current exposure method in principle for derivatives transactions. We also apply the same method to the calculation of credit equivalents regarding transactions with long settlement periods where the period between trade date and delivery date exceeds a certain predetermined period. Regarding these market trades, the middle office controls credit limits integrally for both on-balance sheet and off-balance sheet transactions on a monthly basis and manages credit lines in an appropriate manner.

Compensation Disclosure Data:

# Sumitomo Mitsui Trust Bank, Limited

## 1. Development Status of Organizational Structures Concerning Compensation for Applicable Officers and Employees within the SuMi TRUST Bank Group

### (1) Scope of "Applicable Officers and Employees"

The scope of "applicable officers" and "applicable employees, etc." (collectively "applicable officers and employees") as defined in the compensation notification to be disclosed is as follows:

#### (i) Scope of "Applicable Officers"

Applicable officers include directors and corporate auditors of SuMi TRUST Bank, but exclude external directors and external auditors.

#### (ii) Scope of "Applicable Employees, etc."

Of SuMi TRUST Bank's officers and employees outside the scope of applicable officers as well as officers and employees of its significant consolidated subsidiaries, a "person receiving a substantial amount of compensation" with significant consequence on the business operation or asset status of SuMi TRUST Bank and its significant consolidated subsidiaries, are subject to disclosure as applicable employees, etc.

#### (a) Scope of "Significant Consolidated Subsidiary"

"Significant consolidated subsidiary" refers to a consolidated subsidiary either with its total assets representing more than 2% of the consolidated total assets, or with significant consequence on the SuMi TRUST Bank Group's management, namely Sumitomo Mitsui Trust Panasonic Financial Co., Ltd.

#### (b) Scope of a "Person Receiving a Substantial Amount of Compensation"

A "person receiving a substantial amount of compensation" refers to a person who receives compensation in excess of a certain threshold amount from SuMi TRUST Bank or its significant consolidated subsidiaries. Such a threshold amount is set at ¥40 million within the SuMi TRUST Bank Group.

With respect to a person receiving lump-sum retirement benefit, this amount is first wholly deducted from the amount of compensation, then the "lump-sum retirement benefit divided by the number of years of service" is added back to calculate the deemed compensation for the purpose of determining whether the compensation is substantial or not.

#### (c) Scope of "Those with Significant Consequence on the Business Operation or Asset Status of the SuMi TRUST Bank Group"

"Those with significant consequence on the business operation or asset status of the group" refers to the persons who normally conduct transactions, or manage business affairs that have considerable impact on the business operation of SuMi TRUST Bank, the SuMi TRUST Bank Group or its significant consolidated subsidiaries, or whose transactions can cause loss with significant impact on their asset status. Specifically, they include executive officers and employees equivalent to general managers in the departments involving loan operations and market risk management.

### (2) Determination of Compensation for Applicable Officers and Employees

#### (i) Determination of Compensation for Applicable Officers

SuMi TRUST Bank determines the total amount of compensation for officers based on decisions made at the General Meeting of Shareholders. Of the total compensation, individual allocation of compensation for directors is at the discretion of the Board of Directors, while that for corporate auditors depends on deliberations of corporate auditors.

#### (ii) Determination of Compensation for Applicable Employees, etc.

Compensation for employees, etc. within SuMi TRUST Bank and the SuMi TRUST Bank Group is payable, subject to the policies established primarily by the Boards of Directors and others of SuMi TRUST Bank and its significant consolidated subsidiaries. According to such policies, compensation systems are designed by human resources departments of SuMi TRUST Bank and its significant consolidated subsidiaries, independent of the business promotion departments and documented as payroll rules, etc. Information on the compensation systems of the significant consolidated

subsidiaries is reported to, and verified by, the Personnel Department of SuMi TRUST Bank on a regular basis.

Compensation for overseas employees, etc. are determined and payable under the local compensation system established by each overseas operation on its own, in compliance with local laws and regulations and local employment practice. Establishment and change of overseas compensation systems require consultation with, and validity verification by, the Personnel Department of SuMi TRUST Bank.

## 2. Adequacy Evaluation of Design and Operation of the Compensation System for Applicable Officers and Employees of SuMi TRUST Bank

### (1) Policies Concerning Compensation for Applicable Officers and Employees

#### (i) Policies Concerning the Compensation for "Applicable Officers"

The limit amount for compensation for officers as decided by the General Meeting of Shareholders is ¥80 million per month for directors, and ¥20 million per month for corporate auditors, apart from a ¥100 million annual limit for stock options (share acquisition rights) for directors. Compensation for directors and corporate auditors are capped by these limits.

Compensation for directors is intended to function effectively as an incentive to make improvements in corporate performance and expand corporate value in order to achieve steady and sustainable growth of the SuMi TRUST Bank Group.

The amount of compensation is also aimed at reflecting corporate performance, the contribution of each director to corporate performance, efforts for expansion of business operations in the medium- to long-terms, and for improvement of corporate value, and so forth. Amounts of compensation are determined based on an annual compensation policy determined by the Board of Directors and on an objective evaluation made by the Performance Evaluation Committee.

Furthermore, for the fiscal year under review, Sumitomo Mitsui Trust Holdings, Inc. allotted share acquisition rights to directors as a stock option to further enhance their motivation and morale that helps drive stock price increases, medium- to long-term corporate performance, and ultimately shareholder profits.

#### (ii) Policies Concerning Compensation for "Applicable Employees, etc."

Compensations for the SuMi TRUST Bank Group's employees, etc. are determined by performance assessments, to reflect each employee's contribution to corporate performance in determining a performance-linked portion and evaluating target achieving performance. The human resources departments at each company have ensured that compensation payments are not excessively performance-oriented, on the basis of the compensation system in place, current status of performance assessment and actual payment records.

On the other hand, compensation for overseas employees is determined under a basic principle by which payrolls are determined based on job description and responsibility, while bonuses are determined based on performance. Meanwhile, the total compensation budget is capped locally, based on the performance of each operation, preventing excessive impact on the overall compensation fund from individual employees' extraordinary performance.

## 3. Consistency of SuMi TRUST Bank's Compensation System for Applicable Officers and Employees in Line with Risk Management, and Linkage between Compensation and Performance

In determining compensation for applicable officers, the total amount of compensation is determined based on decisions made at the General Meeting of Shareholders. In determining compensation for applicable employees, etc., an adequate budget is arranged in consideration of the SuMi TRUST Bank Group's financial standing and other considerations.

## • Total Amount of Compensation for Applicable Officers and Employees within the SuMi TRUST Bank Group (From April 1, 2014 to March 31, 2015)

| Category | Headcount | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total amount of compensation | Total amount of fixed compensation | | Total amount of variable compensation | | Compensation as stock option | Retirement benefits |
| | | | | Basic Compensation | | Bonus | | |
| Directors (excluding External Directors) | 14 | 774 | 603 | 603 | 105 | 105 | 66 | — |
| Corporate Auditors (excluding External Auditors) | 4 | 107 | 107 | 107 | — | — | — | — |
| Applicable employees, etc. | 5 | 275 | 158 | 158 | 117 | 117 | — | — |

* Amount of compensation stated above includes compensation for (concurrent) directorship at the significant consolidated subsidiaries.

# Capital Adequacy Ratio Quantitative Disclosure Data:

## Sumitomo Mitsui Trust Bank, Limited ("SuMi TRUST Bank")


| | |
|---|---|
| Consolidated | |
| Capital Adequacy Ratio | 350 |
| Scope of Consolidation | 350 |
| Composition of Capital (Consolidated BIS capital adequacy ratio) | 351 |
| Outline and Details of Agreements Concerning Capital Funding Instruments | 354 |
| Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements | 354 |
| Capital Adequacy | 365 |
| Credit Risk | 367 |
| Credit Risk Mitigation Techniques | 375 |
| Counterparty Risk in Derivative and Long-term Settlement Transactions | 376 |
| Securitization Exposures | 377 |
| Market Risk | 385 |
| Capital Subscriptions or Equity Exposures in the Banking Account | 387 |
| Exposures Held in Funds as Credit Risk-Weighted Assets | 388 |
| Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Bank Group Regarding Interest Rate Risk in the Banking Account | 388 |
| Composition of Leverage Ratio | 389 |
| Non-consolidated | |
| Composition of Capital (Non-consolidated BIS capital adequacy ratio) | 390 |
| Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements | 393 |
| Capital Adequacy | 403 |
| Credit Risk | 405 |
| Credit Risk Mitigation Techniques | 413 |
| Counterparty Risk in Derivative and Long-term Settlement Transactions | 414 |
| Securitization Exposures | 415 |
| Market Risk | 424 |
| Capital Subscriptions or Equity Exposures in the Banking Account | 425 |
| Exposures Held in Funds as Credit Risk-Weighted Assets | 426 |
| Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by SuMi TRUST Bank Regarding Interest Rate Risk in the Banking Account | 426 |

Capital Adequacy Ratio Quantitative Disclosure Data:

# Sumitomo Mitsui Trust Bank, Limited

## Capital Adequacy Ratio

Consolidated

We calculate the BIS capital adequacy ratio on both a consolidated and non-consolidated basis in line with provisions of Article 14-2 of the Banking Act and on the basis of calculation formula prescribed under the criteria for judging whether a bank's capital adequacy ratio is appropriate in light of assets held (the Financial Services Agency 2006 Notification No. 19, hereinafter referred to as the "Notification").

Since the end of March 2015, we have adopted the Advanced Internal Ratings-Based (IRB) Approach for the calculation of credit risk-weighted assets, the Advanced Measurement Approach for the calculation of operational risk, and market risk regulations.

## Scope of Consolidation

Consolidated

(1) There is no difference between companies belonging to the group of companies subject to the consolidated BIS capital adequacy ratio as prescribed by the Basel Notification, Article 3 (hereinafter referred to as the "SuMi TRUST Bank Group") and the companies included in the scope of accounting consolidation.

(2) The number of consolidated subsidiaries that belong to the SuMi TRUST Bank Group is 65. The principal companies are the following.

| Name | Principal Business Operations |
|---|---|
| Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. | General Leasing, Installment Purchase Services, Credit Card Business |
| Nikko Asset Management Co., Ltd. | Investment Management, Investment Advisory |
| Sumitomo Mitsui Trust Loan & Finance Co., Ltd. | Money Lending Business |
| Sumitomo Mitsui Trust Realty Co., Ltd. | Real Estate Brokerage Business |
| Sumitomo Mitsui Trust Guarantee Co., Ltd. | Housing Loan Guaranty Business |
| Sumitomo Mitsui Trust Bank (U.S.A.) Limited | Banking, Trust Business |

(3) There is no affiliated company that undertakes financial services subject to the Basel Notification, Article 9.

(4) There are no particular restrictions on the transfer of funds and capital within the SuMi TRUST Bank Group.

(5) Of the subsidiaries which are banking, financial and insurance entities that are outside the scope of regulatory consolidation, none failed to meet the regulatory required capital.

## Composition of Capital (Consolidated BIS capital adequacy ratio)

Consolidated

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Common Equity Tier 1 Capital: Instruments and Reserves** | | | | |
| 1a+2–1c–26 | Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | **¥ 1,819,450** | | ¥ 1,754,560 | |
| 1a | of Which: Capital Stock and Capital Surplus | **834,289** | | 834,296 | |
| 2 | of Which: Retained Earnings | **1,019,706** | | 950,835 | |
| 1c | of Which: Treasury Stock (Deduction) | **—** | | — | |
| 26 | of Which: Earnings to be Distributed (Deduction) | **34,545** | | 30,571 | |
| | of Which: Others | **—** | | — | |
| 1b | Subscription Rights to Common Shares | **—** | | — | |
| 3 | Accumulated Other Comprehensive Income | **209,448** | **¥ 314,173** | 39,010 | ¥ 156,042 |
| 5 | Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | **—** | | — | |
| | Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements | **11,228** | | 14,363 | |
| | of Which: Common Share Capital Issued by Subsidiaries and Held by Third Parties | **11,228** | | 14,363 | |
| 6 | Common Equity Tier 1 Capital: Instruments and Reserves (A) | **2,040,127** | | 1,807,935 | |
| | **Common Equity Tier 1 Capital: Regulatory Adjustments** | | | | |
| 8+9 | Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | **51,166** | **76,750** | 33,113 | 132,452 |
| 8 | of Which: Goodwill (Including Those Equivalent) | **36,613** | **54,919** | 20,473 | 81,895 |
| 9 | of Which: Other Intangible Assets | **14,553** | **21,830** | 12,639 | 50,556 |
| 10 | Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | **237** | **356** | 643 | 2,575 |
| 11 | Deferred Gains or Losses on Derivatives under Hedge Accounting | **(6,262)** | **(9,393)** | (1,255) | (5,020) |
| 12 | Shortfall of Eligible Provisions to Expected Losses | **22,093** | **33,140** | 19,826 | 79,307 |
| 13 | Securitization Gain on Sale | **2,534** | **3,801** | 1,488 | 5,955 |
| 14 | Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities | **—** | **—** | — | — |
| 15 | Assets for Retirement Benefits | **51,538** | **77,307** | 19,326 | 77,305 |
| 16 | Investments in Own Shares (Excluding Those Reported in the Net Assets Section) | **—** | **—** | — | — |
| 17 | Reciprocal Cross-Holdings in Common Equity | **—** | **—** | — | — |
| 18 | Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold) | **6,983** | **10,474** | 6,797 | 27,191 |
| 19+20+21 | Amount above the 10% Threshold on the Specified Items | **—** | **—** | — | — |
| 19 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | **—** | **—** | — | — |
| 20 | of Which: Mortgage Servicing Rights | **—** | **—** | — | — |
| 21 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | **—** | **—** | — | — |
| 22 | Amount Exceeding the 15% Threshold on the Specified Items | **—** | **—** | — | — |
| 23 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | **—** | **—** | — | — |
| 24 | of Which: Mortgage Servicing Rights | **—** | **—** | — | — |
| 25 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | **—** | **—** | — | — |
| 27 | Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions | **—** | | — | |
| 28 | Common Equity Tier 1 Capital: Regulatory Adjustments (B) | **128,291** | | 79,942 | |
| | **Common Equity Tier 1 Capital (CETI)** | | | | |
| 29 | Common Equity Tier 1 Capital (C) = (A)–(B) | **¥ 1,911,835** | | ¥ 1,727,992 | |

| As of March 31 | | | Millions of Yen, % | | | |
|---|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| **Additional Tier 1 Capital: Instruments** | | | | | | |
| 30 | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus | | ¥ — | | ¥ — | |
| 31a | of Which Classified as Equity under Applicable Accounting Standards | | | | | |
| 31b | Subscription Rights to Additional Tier 1 Instruments | | — | | — | |
| 32 | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | | — | | — | |
| | Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | | — | | — | |
| 34–35 | Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | | 9,573 | | 9,184 | |
| 33+35 | Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital | | 160,000 | | 269,000 | |
| 33 | of Which: Directly Issued and Issued by Special Purpose Vehicles | | 160,000 | | 269,000 | |
| 35 | of Which: Issued by Subsidiaries | | — | | — | |
| | Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements | | 7,703 | | 4,182 | |
| | of Which: Foreign Currency Translation Adjustment | | 7,703 | | 4,182 | |
| 36 | Additional Tier 1 Capital: Instruments | (D) | 177,277 | | 282,367 | |
| **Additional Tier 1 Capital: Regulatory Adjustments** | | | | | | |
| 37 | Investments in Own Additional Tier 1 Instruments | | — | ¥ — | — | ¥ — |
| 38 | Reciprocal Cross-Holdings in Additional Tier 1 Instruments | | — | — | — | — |
| 39 | Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | | 2,737 | 4,106 | 4,640 | 18,561 |
| 40 | Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | | — | — | — | — |
| | Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements | | 75,632 | | 126,084 | |
| | of Which: Goodwill Equivalents | | 53,809 | | 78,534 | |
| | of Which: Equivalent to Intangible Fixed Assets Recorded through Business Combination | | 1,451 | | 1,940 | |
| | of Which: Equivalent to Capital Increase Due to Securitization Transactions | | 3,801 | | 5,955 | |
| | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | | 16,570 | | 39,653 | |
| 42 | Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions | | — | | — | |
| 43 | Additional Tier 1 Capital: Regulatory Adjustments | (E) | 78,370 | | 130,725 | |
| **Additional Tier 1 Capital (ATI)** | | | | | | |
| 44 | Additional Tier 1 Capital | (F) = (D)–(E) | 98,906 | | 151,642 | |
| **Tier 1 Capital (TI = CETI + ATI)** | | | | | | |
| 45 | Tier 1 Capital | (G) = (C)+(F) | 2,010,742 | | 1,879,635 | |
| **Tier 2 Capital: Instruments and Provisions** | | | | | | |
| 46 | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | | — | | — | |
| | Subscription Rights to Tier 2 Instruments | | — | | — | |
| | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | | 30,000 | | — | |
| | Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | | — | | — | |
| 48–49 | Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | | 2,165 | | 2,096 | |
| 47+49 | Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 | | 574,183 | | 686,327 | |
| 47 | of Which: Directly Issued and Issued by Special Purpose Vehicles | | 574,183 | | 686,327 | |
| 49 | of Which: Issued by Subsidiaries | | — | | — | |
| 50 | Provisions Allowed in Group Tier 2 | | 399 | | 509 | |
| 50a | of Which: General Allowance for Credit Losses | | 399 | | 509 | |
| 50b | of Which: Excess Amount of Eligible Provisions to Expected Losses | | — | | — | |
| | Amount Allowed in Group Tier 2 Subject to Transitional Arrangements | | 203,953 | | 136,180 | |
| | of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities | | 203,081 | | 134,172 | |
| | of Which: 45% of Revaluation Reserve for Land | | 871 | | 2,007 | |
| 51 | Tier 2 Capital: Instruments and Provisions | (H) | ¥ 810,703 | | ¥ 825,114 | |

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Tier 2 Capital: Regulatory Adjustments** | | | | |
| 52 | Investments in Own Tier 2 Instruments | ¥ — | ¥ — | ¥ — | ¥ — |
| 53 | Reciprocal Cross-Holdings in Tier 2 Instruments | — | — | — | — |
| 54 | Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | 7,140 | 10,710 | 14,113 | 56,452 |
| 55 | Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | 1,140 | 4,560 |
| | Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements | 19,401 | | 52,947 | |
| | of Which: Accumulated Investments in the Common Stock of Banking, Financial and Insurance Entities | 2,831 | | 13,293 | |
| | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | 16,570 | | 39,653 | |
| 57 | Tier 2 Capital: Regulatory Adjustments (I) | 26,542 | | 68,200 | |
| | **Tier 2 Capital (TⅡ)** | | | | |
| 58 | Tier 2 Capital (J)=(H)–(I) | 784,160 | | 756,913 | |
| | **Total Capital (TC = T1 + TⅡ)** | | | | |
| 59 | Total Capital (K)=(G)+(J) | 2,794,903 | | 2,636,548 | |
| | **Total Risk Weighted Assets** | | | | |
| | Risk Weighted Assets Subject to Transitional Arrangements | 148,198 | | 266,013 | |
| | of Which: Intangible Fixed Assets (excluding Mortgage Servicing Rights) | 20,379 | | 48,616 | |
| | of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 356 | | 2,575 | |
| | of Which: Assets for Retirement Benefits | 77,307 | | 77,305 | |
| | of Which: Investments in the Common Stock of Banking, Financial and Insurance Entities | 50,155 | | 137,516 | |
| 60 | Total Risk Weighted Assets (L) | 18,810,539 | | 18,783,256 | |
| | **Capital Ratios (Consolidated)** | | | | |
| 61 | Common Equity Tier 1 Capital Ratio (C)/(L) | 10.16% | | 9.19% | |
| 62 | Tier 1 Capital Ratio (G)/(L) | 10.68% | | 10.00% | |
| 63 | Total Capital Ratio (K)/(L) | 14.85% | | 14.03% | |
| | **Regulatory Adjustments (before Risk Weighting)** | | | | |
| 72 | Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction) | 203,978 | | 158,386 | |
| 73 | Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction) | 49,788 | | 43,486 | |
| 74 | Mortgage Servicing Rights (Amount below the Thresholds for Deduction) | — | | — | |
| 75 | Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction) | — | | 67,759 | |
| | **Provisions Included in Tier 2 Capital: Instruments and Provisions** | | | | |
| 76 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardized Approach (Prior to Applicable of Cap) | 399 | | 509 | |
| 77 | Cap on Inclusion of Provisions in Tier 2 under Standardized Approach | 4,372 | | 5,354 | |
| 78 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap) | — | | — | |
| 79 | Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach | 99,791 | | 99,576 | |
| | **Capital Instruments Subject to Phase out Arrangements** | | | | |
| 82 | Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements | 272,300 | | 311,200 | |
| 83 | Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities) | — | | — | |
| 84 | Current Cap on Tier 2 Instruments Subject to Phase out Arrangements | 600,536 | | 686,327 | |
| 85 | Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities) | ¥ — | | ¥ 74,956 | |

Note: SuMi TRUST Bank received an external audit by KPMG AZSA LLC of the calculation of the consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

## Outline and Details of Agreements Concerning Capital Funding Instruments Consolidated

Outline and Details of Agreements Concerning Capital Funding Instruments are available on our website (http://smth.jp/ir/basel/index.html).

## Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Consolidated

### Fiscal Year 2014

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Assets)** | | | |
| Cash and Due from Banks | ¥ 8,524,067 | | |
| Call Loans and Bills Bought | 205,075 | | |
| Receivables under Resale Agreements | 136,188 | | |
| Receivables under Securities Borrowing Transactions | 310,806 | | |
| Monetary Claims Bought | 794,838 | | |
| Trading Assets | 754,962 | | |
| Money Held in Trust | 1,619 | | |
| Securities | 4,668,534 | 2–b, 6–a | |
| Loans and Bills Discounted | 25,534,790 | 6–b | |
| Foreign Exchanges | 12,732 | | |
| Lease Receivables and Investment Assets | 547,016 | | |
| Other Assets | 1,555,519 | 6–c | |
| Tangible Fixed Assets | 230,589 | | |
| Buildings | 71,203 | | |
| Land | 132,641 | | |
| Lease Assets | 1,922 | | |
| Construction in Progress | 2,160 | | |
| Other | 22,661 | | |
| Intangible Fixed Assets | 142,427 | 2–a | |
| Software | 45,546 | | |
| Goodwill | 89,682 | | |
| Lease Assets | 64 | | |
| Other | 7,134 | | |
| Assets for Retirement Benefits | 190,436 | 3 | |
| Deferred Tax Assets | 19,183 | 4–a | |
| Customers' Liabilities for Acceptances and Guarantees | 531,500 | | |
| Allowance for Loan Losses | (89,989) | | |
| Total Assets | ¥ 44,070,299 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel III Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Liabilities)** | | | |
| Deposits | ¥ 25,057,728 | | |
| Negotiable Certificates of Deposit | 6,649,067 | | |
| Call Money and Bills Sold | 787,600 | | |
| Payables under Repurchase Agreements | 462,942 | | |
| Trading Liabilities | 405,188 | | |
| Borrowed Money | 2,521,994 | 8 | |
| Foreign Exchanges | 140 | | |
| Short-term Bonds Payable | 974,317 | | |
| Bonds Payable | 994,607 | | |
| Borrowed Money from Trust Account | 1,644,822 | | |
| Other Liabilities | 1,264,291 | 6–d | |
| Provision for Bonuses | 15,762 | | |
| Provision for Director's Bonuses | 230 | | |
| Retirement Benefits Liabilities | 11,326 | | |
| Provision for Reimbursement of Deposits | 3,598 | | |
| Provision for Contingent Loss | 8,533 | | |
| Deferred Tax Liabilities | 165,182 | 4–b | |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | 4–c | |
| Acceptances and Guarantees | 531,500 | | |
| Total Liabilities | 41,502,157 | | |
| **(Net Assets)** | | | |
| Capital Stock | 342,037 | 1–a | |
| Capital Surplus | 492,252 | 1–b | |
| Retained Earnings | 1,019,706 | 1–c | |
| Total Shareholders' Equity | 1,853,996 | | |
| Valuation Difference on Available-for-Sale Securities | 524,689 | | |
| Deferred Gains or Losses on Hedges | (20,545) | 5 | |
| Revaluation Reserve for Land | (93) | | |
| Foreign Currency Translation Adjustment | 12,838 | | |
| Remeasurements of Retirement Benefits | 6,732 | | |
| Total Accumulated Other Comprehensive Income | 523,621 | | 3 |
| Minority Interests | 190,524 | 7 | |
| Total Net Assets | 2,568,141 | | |
| Total Liabilities and Net Assets | ¥ 44,070,299 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 342,037 | | 1–a |
| Capital Surplus | 492,252 | | 1–b |
| Retained Earnings | 1,019,706 | | 1–c |
| Total Shareholders' Equity | ¥ 1,853,996 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,853,996 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 834,289 | | 1a |
| of Which: Retained Earnings | 1,019,706 | | 2 |
| of Which: Treasury Stock (Deduction) | — | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 142,427 | | 2–a |
| Securities | 4,668,534 | | 2–b |
| of Which: Goodwill Arising on the Application of the Equity Method | 1,850 | | |
| | | | |
| Associated Deferred Tax Liabilities | 16,361 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ 91,532 | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 36,384 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Assets for Retirement Benefits

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 190,436 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 61,591 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 128,845 | | 15 |

## 4. Deferred tax assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Assets | ¥ 19,183 | | 4–a |
| Deferred Tax Liabilities | 165,182 | | 4–b |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | | 4–c |
| | | | |
| Associated Intangible Fixed Assets | 16,361 | | |
| Associated Assets for Retirement Benefits | 61,591 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ 594 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (20,545) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (15,655) | Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income" | 11 |

## 6. Investments in the capital of financial entities

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Securities | ¥ 4,668,534 | | 6–a |
| Loans and Bills Discounted | 25,534,790 | Including subordinated loans | 6–b |
| Other Assets | 1,555,519 | Including derivatives | 6–c |
| Other Liabilities | ¥ 1,264,291 | Including derivatives | 6–d |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ — | | |
| Common Equity Tier 1 Capital | — | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than10% of the Issued Share Capital | 246,131 | | |
| Common Equity Tier 1 Capital | 17,457 | | 18 |
| Additional Tier 1 Capital | 6,844 | | 39 |
| Tier 2 Capital | 17,850 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 203,978 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 49,788 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | — | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 49,788 | | 73 |

## 7. Minority interests

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Minority Interests | ¥ 190,524 | | 7 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | ¥ — | | 5 |
| Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | 30–31ab–32 |
| Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | 9,573 | | 34–35 |
| Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | 46 |
| Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | 2,165 | | 48–49 |

## 8. Other Capital Instruments

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Borrowed Money | ¥ 2,521,994 | | 8 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | ¥ — | | 32 |
| Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | 30,000 | | 46 |

## Fiscal Year 2013

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Assets)** | | | |
| Cash and Due from Banks | ¥ 5,751,322 | | |
| Call Loans and Bills Bought | 366,552 | | |
| Receivables under Resale Agreements | 88,069 | | |
| Receivables under Securities Borrowing Transactions | 289,377 | | |
| Monetary Claims Bought | 936,435 | | |
| Trading Assets | 537,029 | | |
| Money Held in Trust | 13,344 | 6–a | |
| Securities | 5,629,697 | 2–b, 6–b | |
| Loans and Bills Discounted | 23,689,058 | 6–c | |
| Foreign Exchanges | 12,114 | | |
| Lease Receivables and Investment Assets | 540,273 | | |
| Other Assets | 1,347,796 | 6–d | |
| Tangible Fixed Assets | 237,265 | | |
| Buildings | 73,522 | | |
| Land | 136,846 | | |
| Lease Assets | 1,561 | | |
| Construction in Progress | 1,219 | | |
| Other | 24,115 | | |
| Intangible Fixed Assets | 195,131 | 2–a | |
| Software | 89,469 | | |
| Goodwill | 98,168 | | |
| Lease Assets | 94 | | |
| Other | 7,398 | | |
| Assets for Retirement Benefits | 150,145 | 3 | |
| Deferred Tax Assets | 19,692 | 4–a | |
| Customers' Liabilities for Acceptances and Guarantees | 485,384 | | |
| Allowance for Loan Losses | (110,260) | | |
| Total Assets | ¥ 40,178,429 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

| Items | Consolidated Balance Sheet (*) Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Liabilities)** | | | |
| Deposits | ¥ 24,094,545 | | |
| Negotiable Certificates of Deposit | 5,203,179 | | |
| Call Money and Bills Sold | 200,005 | | |
| Payables under Repurchase Agreements | 1,291,641 | | |
| Trading Liabilities | 214,104 | | |
| Borrowed Money | 1,905,748 | | |
| Foreign Exchanges | 124 | | |
| Short-term Bonds Payable | 904,882 | | |
| Bonds Payable | 1,055,826 | | |
| Borrowed Money from Trust Account | 1,342,001 | | |
| Other Liabilities | 1,128,130 | 6–e | |
| Provision for Bonuses | 14,894 | | |
| Provision for Director's Bonuses | 255 | | |
| Retirement Benefits Liabilities | 10,480 | | |
| Provision for Reimbursement of Deposits | 3,917 | | |
| Provision for Contingent Loss | 8,800 | | |
| Deferred Tax Liabilities | 32,062 | 4–b | |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | 4–c | |
| Acceptances and Guarantees | 485,384 | | |
| Total Liabilities | 37,899,940 | | |
| **(Net Assets)** | | | |
| Capital Stock | 342,037 | 1–a | |
| Capital Surplus | 601,259 | 1–b | |
| Retained Earnings | 950,835 | 1–c | |
| Total Shareholders' Equity | 1,894,132 | | |
| Valuation Difference on Available-for-Sale Securities | 249,510 | | |
| Deferred Gains or Losses on Hedges | (11,151) | 5 | |
| Revaluation Reserve for Land | 1,622 | | |
| Foreign Currency Translation Adjustment | 5,228 | | |
| Remeasurements of Retirement Benefits | (50,156) | | |
| Total Accumulated Other Comprehensive Income | 195,052 | | 3 |
| Minority Interests | 189,304 | 7 | |
| Total Net Assets | 2,278,489 | | |
| Total Liabilities and Net Assets | ¥ 40,178,429 | | |

(*) The regulatory scope of consolidation is the same as the accounting scope of consolidation.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 342,037 | | 1–a |
| Capital Surplus | 601,259 | | 1–b |
| Retained Earnings | 950,835 | | 1–c |
| Total Shareholders' Equity | ¥ 1,894,132 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,785,132 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 834,296 | | 1a |
| of Which: Retained Earnings | 950,835 | | 2 |
| of Which: Treasury Stock (Deduction) | — | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 195,131 | | 2–a |
| Securities | 5,629,697 | | 2–b |
| of Which: Goodwill Arising on the Application of the Equity Method | 4,201 | | |
| | | | |
| Associated Deferred Tax Liabilities | 33,766 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ 102,369 | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 63,196 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Assets for Retirement Benefits

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 150,145 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 53,513 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Assets for Retirement Benefits | ¥ 96,632 | | 15 |

## 4. Deferred tax assets

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Assets | ¥ 19,692 | | 4–a |
| Deferred Tax Liabilities | 32,062 | | 4–b |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | | 4–c |
| | | | |
| Associated Intangible Fixed Assets | 33,766 | | |
| Associated Assets for Retirement Benefits | 53,513 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ 3,219 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 67,759 | This Item Does not Agree with the Amount Reported on the Consolidated Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 67,759 | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (11,151) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (6,275) | Excluding those items whose valuation differences arising from hedged items are recognized as "Accumulated other comprehensive income" | 11 |

## 6. Investments in the capital of financial entities

### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Money Held in Trust | ¥ 13,344 | | 6–a |
| Securities | 5,629,697 | | 6–b |
| Loans and Bills Discounted | 23,689,058 | Including subordinated loans | 6–c |
| Other Assets | 1,347,796 | Including derivatives | 6–d |
| Other Liabilities | ¥ 1,128,130 | Including derivatives | 6–e |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ — | | |
| Common Equity Tier 1 Capital | — | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than10% of the Issued Share Capital | 286,143 | | |
| Common Equity Tier 1 Capital | 33,989 | | 18 |
| Additional Tier 1 Capital | 23,201 | | 39 |
| Tier 2 Capital | 70,565 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 158,386 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 49,186 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | 5,700 | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 43,486 | | 73 |

### 7. Minority interests

#### (1) Consolidated balance sheet

| Consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Minority Interests | ¥ 189,304 | | 7 |

#### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Common Share Capital Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Common Equity Tier 1) | ¥ — | | 5 |
| Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | 30–31ab–32 |
| Additional Tier 1 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Additional Tier 1) | 9,184 | | 34–35 |
| Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | 46 |
| Tier 2 Instruments Issued by Subsidiaries and Held by Third Parties (Amount Allowed in Group Tier 2) | 2,096 | | 48–49 |

## Capital Adequacy

Consolidated

### Amounts of Required Capital

#### (1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Portfolios to Which the Standardized Approach is Applied | ¥ **34,356** | ¥ 40,701 |
| Exposures to Business Units Set for Phased Roll-out Application | **—** | — |
| Exposures Excluded from Application | **34,356** | 40,701 |
| Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio | **1,173,349** | 1,314,398 |
| Corporate Exposures | **828,939** | 951,948 |
| Sovereign Exposures | **19,115** | 21,416 |
| Financial Institution Exposures | **60,303** | 47,906 |
| Residential Mortgage Exposures | **91,314** | 109,580 |
| Qualifying Revolving Retail Exposures | **2,131** | 2,673 |
| Other Retail Exposures | **23,762** | 28,464 |
| Other Exposures*1 | **147,781** | 152,409 |
| Securitization Exposures | **13,643** | 16,933 |

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, lease transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardized Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitization exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

## (2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Equity Exposures | ¥ 198,155 | ¥ 142,308 |
| PD/LGD Approach | 176,835 | 38,563 |
| Simple Risk-Weight Method of the Market-based Approach | 21,319 | 21,423 |
| Internal Model Method of the Market-based Approach | — | — |
| Transitional Measures*1 | — | 82,320 |

*1. The amount of credit risk-weighted assets is calculated with a risk-weight of 100%, pursuant to the Notification, Supplementary Rules Article 13.
Not applicable in fiscal year 2014 (ended March 31, 2015) due to the end of transitory arrangements.
*2. The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the transitional measures: (amount of credit risk-weighted assets x 1.06) x 8%

## (3) Amounts of required capital against credit risk concerning exposures held in funds

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Exposures Held in Funds* | ¥ 156,212 | ¥ 120,648 |

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

## (4) Amounts of required capital against market risk

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Market Risk | ¥ 30,411 | ¥ 29,569 |
| Amounts of Required Capital by Category under the Standardized Approach | 1,655 | 1,325 |
| Interest Rate Risk | 634 | 630 |
| Equity Position Risk | — | — |
| Foreign Exchange Risk | 1,021 | 694 |
| Commodities Risk | — | — |
| Options Transactions | — | — |
| Internal Model Approach | 28,756 | 28,244 |

## (5) Amounts of required capital against operational risk

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Operational Risk | ¥ 66,365 | ¥ 64,143 |
| Advanced Measurement Approach | 60,709 | 59,206 |
| Standardized Approach | — | — |
| Basic Indicator Approach | 5,656 | 4,937 |

## (6) Consolidated total required capital

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Consolidated Total Required Capital* | ¥ 1,504,843 | ¥ 1,502,660 |

* (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

## Credit Risk

Consolidated

### Balance of Exposures Related to Credit Risk and Breakdown by Primary Types

| As of March 31 | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | | | |
| | Credit Risk Exposures | | | | | Exposures Three Months or Longer Overdue or Exposures in Default |
| | | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | |
| Japan | ¥ 35,864,291 | ¥ 29,241,048 | ¥ 3,308,001 | ¥ 443,249 | ¥ 2,871,991 | ¥ 222,883 |
| Outside Japan | 6,281,570 | 4,685,291 | 835,608 | 383,555 | 377,115 | 32,409 |
| Total for Regions | ¥ 42,145,861 | ¥ 33,926,340 | ¥ 4,143,610 | ¥ 826,804 | ¥ 3,249,106 | ¥ 255,292 |
| Manufacturing | ¥ 4,714,651 | ¥ 2,797,234 | ¥ 893,851 | ¥ 46,884 | ¥ 976,681 | ¥ 19,095 |
| Agriculture and Forestry | 3,399 | 3,220 | 119 | 59 | — | 1,188 |
| Fisheries | 93 | 2 | 90 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 25,655 | 14,160 | 244 | — | 11,250 | — |
| Construction | 307,354 | 198,627 | 50,283 | 645 | 57,799 | 5,297 |
| Electricity, Gas, Heat Supply and Water | 1,060,327 | 924,853 | 42,045 | 5,433 | 87,995 | 26 |
| Information and Communication | 511,346 | 448,579 | 12,911 | 927 | 48,928 | 746 |
| Transport and Postal Activities | 1,549,988 | 1,157,126 | 279,522 | 15,709 | 97,629 | 9,062 |
| Wholesale and Retail Trade | 2,074,009 | 1,530,454 | 166,498 | 5,701 | 371,355 | 3,903 |
| Finance and Insurance | 2,761,158 | 1,941,837 | 292,611 | 327,614 | 199,095 | 72,876 |
| Real Estate | 3,339,633 | 2,675,005 | 372,767 | 15,416 | 276,444 | 33,393 |
| Goods Rental and Leasing | 704,326 | 643,018 | 12,735 | 1,075 | 47,496 | 265 |
| Local Public Bodies | 144,504 | 126,872 | 4,146 | — | 13,486 | — |
| Individuals | 7,751,105 | 7,586,451 | — | — | 164,654 | 51,948 |
| Others | 17,198,305 | 13,878,895 | 2,015,782 | 407,337 | 896,289 | 57,487 |
| Total for Industry Sectors | ¥ 42,145,861 | ¥ 33,926,340 | ¥ 4,143,610 | ¥ 826,804 | ¥ 3,249,106 | ¥ 255,292 |
| One Year or Less | 8,793,306 | 6,799,759 | 761,867 | 142,821 | 1,088,857 | |
| Over One Year to Three Years | 5,729,189 | 3,952,924 | 663,799 | 204,378 | 908,087 | |
| Over Three Years to Five Years | 12,215,581 | 11,308,165 | 400,558 | 117,531 | 389,326 | |
| Over Five Years | 15,407,784 | 11,865,491 | 2,317,385 | 362,073 | 862,834 | |
| Total for All Durations | ¥ 42,145,861 | ¥ 33,926,340 | ¥ 4,143,610 | ¥ 826,804 | ¥ 3,249,106 | |
| Average Balance during the Period | ¥ 40,248,191 | ¥ 32,022,260 | ¥ 4,650,387 | ¥ 714,990 | ¥ 2,860,552 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables as well as lease transactions application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2014, September 30, 2014 and March 31, 2015.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

| As of March 31 | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | | | |
| | Credit Risk Exposures | | | | | Exposures Three Months or Longer Overdue or Exposures in Default |
| | | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | |
| Japan | ¥ 33,153,739 | ¥ 26,913,959 | ¥ 3,611,006 | ¥ 266,666 | ¥ 2,362,107 | ¥ 273,423 |
| Outside Japan | 5,280,066 | 3,150,287 | 1,556,423 | 314,906 | 258,449 | 39,171 |
| Total for Regions | ¥ 38,433,806 | ¥ 30,064,246 | ¥ 5,167,429 | ¥ 581,572 | ¥ 2,620,556 | ¥ 312,595 |
| | | | | | | |
| Manufacturing | ¥ 4,400,248 | ¥ 2,771,647 | ¥ 729,083 | ¥ 20,653 | ¥ 878,864 | ¥ 63,015 |
| Agriculture and Forestry | 3,030 | 2,634 | 328 | 66 | — | — |
| Fisheries | 97 | 4 | 92 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 13,244 | 11,855 | 216 | — | 1,172 | — |
| Construction | 287,770 | 165,744 | 66,505 | 535 | 54,985 | 5,380 |
| Electricity, Gas, Heat Supply and Water | 975,381 | 867,733 | 37,658 | 2,079 | 67,909 | 69 |
| Information and Communication | 453,351 | 404,453 | 12,198 | 940 | 35,759 | 746 |
| Transport and Postal Activities | 1,449,425 | 1,152,225 | 203,134 | 13,163 | 80,901 | 1,150 |
| Wholesale and Retail Trade | 1,892,754 | 1,423,756 | 178,408 | 5,379 | 285,209 | 2,534 |
| Finance and Insurance | 2,638,026 | 2,043,483 | 302,485 | 199,949 | 92,108 | 69,182 |
| Real Estate | 3,076,729 | 2,528,533 | 241,627 | 11,476 | 295,092 | 41,165 |
| Goods Rental and Leasing | 664,586 | 585,739 | 16,415 | 817 | 61,613 | 279 |
| Local Public Bodies | 100,338 | 72,060 | 15,665 | — | 12,611 | — |
| Individuals | 7,835,027 | 7,651,744 | — | — | 183,282 | 61,556 |
| Others | 14,643,793 | 10,382,628 | 3,363,609 | 326,511 | 571,044 | 67,514 |
| Total for Industry Sectors | ¥ 38,433,806 | ¥ 30,064,246 | ¥ 5,167,429 | ¥ 581,572 | ¥ 2,620,556 | ¥ 312,595 |
| | | | | | | |
| One Year or Less | 9,112,483 | 6,617,351 | 1,543,587 | 70,905 | 880,639 | |
| Over One Year to Three Years | 5,534,956 | 4,059,982 | 578,183 | 115,716 | 781,074 | |
| Over Three Years to Five Years | 9,391,573 | 8,458,389 | 443,145 | 140,528 | 349,510 | |
| Over Five Years | 14,394,792 | 10,928,523 | 2,602,513 | 254,422 | 609,332 | |
| Total for All Durations | ¥ 38,433,806 | ¥ 30,064,246 | ¥ 5,167,429 | ¥ 581,572 | ¥ 2,620,556 | |
| | | | | | | |
| Average Balance during the Period | ¥ 36,277,270 | ¥ 27,824,641 | ¥ 5,257,719 | ¥ 625,265 | ¥ 2,569,644 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., purchased receivables as well as lease transactions application exposures.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2013, September 30, 2013 and March 31, 2014.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

## Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

### (1) General allowance for loan losses

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | **2015** | 2014 | Change |
| | Balance | Balance | |
| General Allowance for Loan Losses | **¥ 59,604** | ¥ 73,209 | ¥ (13,604) |

### (2) Specific allowance for loan losses (breakdown by region, industry sector)

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | 2015 | 2014 | Change |
| | Balance | Balance | |
| Japan | ¥ 26,408 | ¥ 32,845 | ¥ (6,436) |
| Outside Japan | 3,976 | 4,206 | (230) |
| Total for Regions | ¥ 30,384 | ¥ 37,051 | ¥ (6,666) |
| | | | |
| Manufacturing | 2,581 | 2,548 | 32 |
| Agriculture and Forestry | 1 | 1 | 0 |
| Fisheries | 0 | 1 | (1) |
| Mining and Quarrying of Stones and Gravel | — | 1 | (1) |
| Construction | 223 | 301 | (78) |
| Electricity, Gas, Heat Supply and Water | 4 | 4 | 0 |
| Information and Communication | 11 | 30 | (18) |
| Transport and Postal Activities | 7,501 | 3,412 | 4,089 |
| Wholesale and Retail Trade | 1,683 | 934 | 748 |
| Finance and Insurance | 267 | 325 | (58) |
| Real Estate | 582 | 1,378 | (796) |
| Goods Rental and Leasing | 78 | 14 | 64 |
| Local Public Bodies | — | — | — |
| Individuals | 5,167 | 6,387 | (1,219) |
| Others | 12,280 | 21,708 | (9,427) |
| Total for Industry Sectors | ¥ 30,384 | ¥ 37,051 | ¥ (6,666) |

Note: "Others" in the industry sectors include non-residents and state public services.

### (3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2015 and the end of March 2014.

## Amounts of Written-off Loans by Industry Sector

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Manufacturing | ¥ 113 | ¥ 93 |
| Agriculture and Forestry | 0 | 1 |
| Fisheries | 0 | — |
| Mining and Quarrying of Stones and Gravel | — | — |
| Construction | 37 | 57 |
| Electricity, Gas, Heat Supply and Water | 0 | 2 |
| Information and Communication | 1 | 3 |
| Transport and Postal Activities | 18 | 23 |
| Wholesale and Retail Trade | 52 | 71 |
| Finance and Insurance | 0 | 1 |
| Real Estate | 25 | 35 |
| Goods Rental and Leasing | — | — |
| Local Public Bodies | — | — |
| Individuals | 1,259 | 1,068 |
| Others | 146 | 319 |
| Total for Industry Sectors | ¥ 1,658 | ¥ 1,680 |

Note: "Others" in the industry sectors include non-residents and state public services.

## Balance of Exposures to which the Standardized Approach is Applied by Risk-Weight Category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| As of March 31 | | Subject to Rating | | Subject to Rating |
| Balance of Exposures to which the Standardized Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category | ¥ 1,003,690 | ¥ 106 | ¥ 853,003 | ¥ 636 |
| 0% | 176,506 | — | 71,575 | — |
| 10% | — | — | — | — |
| 20% | 457,055 | 43 | 340,355 | 631 |
| 35% | — | — | — | — |
| 50% | 64,170 | 14 | 1,042 | 4 |
| 75% | — | — | — | — |
| 100% | 305,814 | 48 | 439,866 | — |
| 150% | 143 | — | 161 | — |
| Amounts of exposures with 1,250% risk-weight applied | — | | — | |

## Exposures to which the IRB Approach is Applied

| | | Millions of Yen | |
|---|---|---|---|
| As of March 31 | | 2015 | 2014 |
| Specialized Lending under the Slotting Criteria | | ¥ 2,444,112 | ¥ 2,150,264 |
| High-Volatility Commercial Real Estate Exposures | | 152,750 | 110,725 |
| Maturities of 2.5 Years or Longer | | 106,994 | 84,621 |
| Strong | 95% | 5,648 | 14,210 |
| Good | 120% | 61,119 | 42,849 |
| Satisfactory | 140% | 40,226 | 27,562 |
| Weak | 250% | — | — |
| Default | 0% | — | — |
| Maturities of Less than 2.5 Years | | 45,755 | 26,103 |
| Strong | 70% | 14,098 | — |
| Good | 95% | 28,200 | 18,033 |
| Satisfactory | 140% | 3,456 | 788 |
| Weak | 250% | — | — |
| Default | 0% | — | 7,281 |
| Other Exposures | | ¥ 2,291,362 | ¥ 2,039,538 |
| Maturities of 2.5 Years or Longer | | 1,993,254 | 1,756,418 |
| Strong | 70% | 801,559 | 750,552 |
| Good | 90% | 722,280 | 722,072 |
| Satisfactory | 115% | 437,870 | 227,782 |
| Weak | 250% | 19,747 | 44,412 |
| Default | 0% | 11,796 | 11,599 |
| Maturities of Less than 2.5 Years | | 298,108 | 283,120 |
| Strong | 50% | 108,348 | 93,265 |
| Good | 70% | 115,922 | 88,229 |
| Satisfactory | 115% | 63,671 | 89,792 |
| Weak | 250% | 6,401 | 11,624 |
| Default | 0% | 3,764 | 207 |
| Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied | | ¥ 72,019 | ¥ 73,871 |
| 300% | | 36,670 | 42,853 |
| 400% | | 35,349 | 31,018 |

## Portfolios to which the IRB Approach is Applied

### (1) Corporate exposures

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | | |
| | | | | | EAD Value | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | Undrawn Commitments | CCF |
| Ordinary Assets (Seijo-Saki) | 0.37% | 34.10% | | 38.29% | ¥ 13,089,817 | ¥ 2,654,524 | ¥ 2,086,366 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 10.77% | 30.48% | | 132.25% | 277,097 | 29,188 | 11,179 | 75.00% |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 33.67% | 32.20% | 31.37% | 173,699 | 19,271 | 160 | 75.00% |
| Total | 1.75% | 34.02% | | 39.98% | ¥ 13,540,613 | ¥ 2,702,984 | ¥ 2,097,706 | 75.00% |

| As of March 31 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2014 | | | | |
| | | | | EAD Value | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.36% | 44.65% | 49.89% | ¥ 11,855,188 | ¥ 2,079,794 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.93% | 43.10% | 183.59% | 386,593 | 17,848 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 43.40% | | 213,333 | 24,441 |
| Total | 2.23% | 44.58% | 52.79% | ¥ 12,455,115 | ¥ 2,122,084 |

### (2) Sovereign exposures

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | | |
| | | | | | EAD Value | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | Undrawn Commitments | CCF |
| Ordinary Assets (Seijo-Saki) | 0.02% | 43.10% | | 2.28% | ¥ 10,000,074 | ¥ 194,002 | ¥ 11,542 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.02% | 43.10% | | 2.28% | ¥ 10,000,074 | ¥ 194,002 | ¥ 11,542 | 75.00% |

| As of March 31 | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2014 | | | | |
| | | | | EAD Value | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.01% | 44.92% | 2.90% | ¥ 8,996,138 | ¥ 76,376 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.39% | 45.00% | 173.02% | 120 | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.01% | 44.92% | 2.90% | ¥ 8,996,258 | ¥ 76,376 |

### (3) Financial Institution exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Ordinary Assets (Seijo-Saki) | 0.12% | 42.80% | | 30.61% | ¥1,830,575 | ¥ 578,851 | ¥ 129,159 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.12% | 42.80% | | 30.61% | ¥1,830,575 | ¥ 578,851 | ¥ 129,159 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value | |
| | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.10% | 44.61% | 26.72% | ¥ 1,665,009 | ¥ 530,415 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.10% | 44.61% | 26.72% | ¥ 1,665,009 | ¥ 530,415 |

### (4) Equity exposures under the PD/LGD Approach

| As of March 31 | Millions of Yen 2015 | | |
|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
| Ordinary Assets (Seijo-Saki) | 0.20% | 136.06% | ¥ 1,604,089 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.05% | 512.88% | 3,660 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 760 |
| Total | 0.26% | 137.42% | ¥ 1,608,510 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

| As of March 31 | Millions of Yen 2014 | | |
|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
| Ordinary Assets (Seijo-Saki) | 0.24% | 146.33% | ¥ 328,393 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 6.48% | 487.80% | 128 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 74 |
| Total | 0.27% | 146.70% | ¥ 328,596 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

## (5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.23% | 24.41% | | 11.16% | ¥ 6,992,594 | ¥ 39,235 | ¥ 2,536 | 100.00% |
| Overdue | 23.13% | 24.98% | | 150.11% | 76,290 | 101 | 10 | 100.00% |
| Default | 100.00% | 26.77% | 21.47% | 70.11% | 40,089 | 73 | — | — |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.53% | 74.32% | | 17.57% | 22,600 | 61,020 | 668,697 | 9.13% |
| Overdue | 34.21% | 70.35% | | 200.12% | 330 | 186 | 1,109 | 16.77% |
| Default | 100.00% | 77.67% | 75.42% | 29.87% | 290 | 243 | 2,864 | 8.50% |
| Other Retail (consumer) | | | | | | | | |
| Current | 0.78% | 55.60% | | 47.87% | 140,679 | 57,549 | 183,334 | 31.20% |
| Overdue | 31.09% | 34.50% | | 88.57% | 1,099 | 90 | 226 | 35.20% |
| Default | 100.00% | 42.85% | 38.00% | 64.27% | 2,536 | 499 | 234 | 35.09% |
| Other Retail (commercial) | | | | | | | | |
| Current | 1.06% | 29.30% | | 27.51% | 316,239 | 5,242 | 3,440 | 100.00% |
| Overdue | 34.40% | 28.23% | | 75.48% | 3,586 | 338 | 309 | 100.00% |
| Default | 100.00% | 34.94% | 32.75% | 29.07% | 14,141 | 352 | 46 | 100.00% |
| Total | 1.28% | 26.00% | | 14.63% | ¥ 7,610,479 | ¥ 164,933 | ¥ 862,808 | 14.51% |

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.22% | 30.62% | | 12.54% | ¥ 6,812,881 | ¥ 47,251 | ¥ 4,460 | 100.00% |
| Overdue | 23.06% | 31.41% | | 176.97% | 77,514 | 134 | 32 | 100.00% |
| Default | 100.00% | 33.15% | 29.12% | 50.39% | 43,848 | 79 | 10 | 100.00% |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.54% | 74.61% | | 16.93% | 27,383 | 77,240 | 938,217 | 8.23% |
| Overdue | 30.55% | 69.26% | | 193.13% | 373 | 169 | 858 | 19.69% |
| Default | 100.00% | 77.97% | 76.15% | 22.73% | 421 | 274 | 3,565 | 7.69% |
| Other Retail (consumer) | | | | | | | | |
| Current | 0.82% | 54.31% | | 45.49% | 148,823 | 51,321 | 169,074 | 30.10% |
| Overdue | 28.83% | 37.72% | | 93.48% | 1,160 | 118 | 191 | 32.37% |
| Default | 100.00% | 42.30% | 38.00% | 53.72% | 2,921 | 551 | 247 | 32.13% |
| Other Retail (commercial) | | | | | | | | |
| Current | 1.42% | 34.17% | | 30.30% | 304,474 | 5,213 | 2,701 | 100.00% |
| Overdue | 32.87% | 32.35% | | 80.27% | 5,092 | 431 | 287 | 100.00% |
| Default | 100.00% | 43.91% | 40.99% | 36.55% | 17,167 | 367 | 44 | 100.00% |
| Total | 1.41% | 32.06% | | 16.23% | ¥ 7,442,063 | ¥ 183,154 | ¥ 1,119,690 | 12.17% |

## Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | | Change in Actual Credit Losses |
| Years Ended March 31 | Actual Credit Losses | Provisions | Reversals | Actual Credit Losses | Provisions | Reversals | |
| Corporate Exposures | ¥ (5,897) | ¥ 15,467 | ¥ (21,365) | ¥ (7,351) | ¥ 7,487 | ¥ (14,838) | ¥ 1,453 |
| Sovereign Exposures | (88) | — | (88) | (4) | — | (4) | (84) |
| Financial Institution Exposures | (1) | — | (1) | (23) | — | (23) | 21 |
| Retail Exposures | 1,920 | 4,914 | (2,993) | 905 | 2,655 | (1,749) | 1,014 |

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

### Factor Analysis

Actual credit losses in FY2014 increased by ¥2.4 billion year on year.

This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of obligors in our corporate exposures.

## Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (5,897) | ¥ 174,308 |
| Sovereign Exposures | (88) | 351 |
| Financial Institution Exposures | (1) | 974 |
| Retail Exposures | 1,920 | 35,799 |

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

| | Millions of Yen | |
|---|---|---|
| | 2014 | 2013 |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (7,351) | ¥ 203,334 |
| Sovereign Exposures | (4) | 473 |
| Financial Institution Exposures | (23) | 880 |
| Retail Exposures | 905 | 28,148 |

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2013 | 2012 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (2,417) | ¥ 188,743 |
| Sovereign Exposures | (10) | 316 |
| Financial Institution Exposures | (1) | 1,033 |
| Retail Exposures | 1,244 | 34,400 |

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2012 | 2011 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ 16,832 | ¥ 195,979 |
| Sovereign Exposures | 4,749 | 230 |
| Financial Institution Exposures | (135) | 3,395 |
| Retail Exposures | 2,576 | 35,841 |

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

## Credit Risk Mitigation Techniques

Consolidated

### Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ 805,153 | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,506,453 | 180,982 | 287,516 | — |
| Corporate Exposures | 311,080 | 175,471 | 180,466 | — |
| Sovereign Exposures | 14,010 | 5,510 | 107,050 | — |
| Financial Institution Exposures | 1,181,362 | — | — | — |
| Retail Exposures | — | — | — | — |

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ 748,704 | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,952,225 | 570,143 | 425,344 | — |
| Corporate Exposures | 453,236 | 559,847 | 225,918 | — |
| Sovereign Exposures | 16,892 | 10,296 | 199,426 | — |
| Financial Institution Exposures | 1,482,096 | — | — | — |
| Retail Exposures | — | — | — | — |

## Counterparty Risk in Derivative and Long-term Settlement Transactions — Consolidated

### Derivative Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | ¥ 2,348,839 | ¥ 1,941,120 |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | 911,383 | 716,508 |
| Foreign Exchange Related | 1,008,900 | 564,204 |
| Interest Rate Related | 2,214,867 | 2,190,096 |
| Credit Derivatives | 16,320 | 7,215 |
| Others | 140 | — |
| Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction) | 2,328,845 | 2,045,008 |
| Amounts of Collateral | 84,438 | 134,936 |
| Deposits | 33,993 | 107,898 |
| Securities | 50,444 | 27,037 |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | 826,944 | 581,572 |
| Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents | 105,647 | 67,006 |
| Purchasing Protection by Credit Default Swaps | 53,866 | 42,206 |
| Providing Protection by Credit Default Swaps | 51,780 | 24,800 |
| Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique | — | — |

Note: Credit equivalents are calculated with the current exposure approach.

### Long-term Settlement Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | ¥ — | ¥ — |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |
| Amounts of Collateral | — | — |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |

Note: Credit equivalents are calculated with the current exposure approach.

## Securitization Exposures

Consolidated

### Securitization Exposures Originated by the SuMi TRUST Bank Group

**Fiscal Year 2014**

Subject to the Calculation of Credit Risk-Weighted Assets

**(1) Outline of securitizations during fiscal year 2014, type and status of principal underlying assets**

| | | |
|---|---|---|
| Date of Securitization: | | January 2015 |
| Type of Underlying Assets: | | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,883 million |
| | as of March 31, 2015 | ¥ 43,901 million |
| Initial Issue Amount: | | ¥ 44,883 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,883 million (no rating) |
| Date of Redemption: | | August 2055 |

The SuMi TRUST Bank Group holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

**(2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type**

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2015 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥103,925 | ¥ — | ¥ 384,181 | ¥ 384,181 | ¥ — |
| Residential Mortgage Loans | 103,925 | — | 384,181 | 384,181 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥103,925 | ¥ — | ¥ 384,181 | ¥ 384,181 | ¥ — |

**(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets**

| | Millions of Yen | |
|---|---|---|
| | 2015 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 368 | ¥ 117 |
| Others | — | — |
| Total | ¥ 368 | ¥ 117 |

**(4) Amounts of assets held for the purpose of securitization transactions and breakdown of principal assets by type**

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen 2015 Balance On-balance Sheet Transactions | Balance Off-balance Sheet Transactions | Required Capital On-balance Sheet Transactions | Required Capital Off-balance Sheet Transactions |
|---|---|---|---|---|
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 103,925 | ¥ — | ¥ 8,230 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 87,246 | — | 2,888 | — |
| 50% to Less than 100% | 8,437 | — | 365 | — |
| 100% to Less than 350% | 4,221 | — | 715 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,019 | — | 4,260 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 103,925 | ¥ — | ¥ 8,230 | ¥ — |

### (6) Amounts equivalent to the increase in capital following securitization and breakdown by type of principal underlying assets

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 6,335 |
| Others | — |
| Total | ¥ 6,335 |

### (7) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 4,019 |
| Others | — |
| Total | ¥ 4,019 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2014 and breakdown by type of principal underlying assets

Not applicable.

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitizations during fiscal year 2013, type and status of principal underlying assets

| | | | |
|---|---|---|---|
| Date of Securitization: | | September 2013 | February 2014 |
| Type of Underlying Assets: | | Residential Mortgage Loans | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,938 million | ¥ 33,596 million |
| | as of March 31, 2014 | ¥ 42,758 million | ¥ 32,949 million |
| Initial Issue Amount: | | ¥ 44,938 million | ¥ 33,596 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) | ¥ 30,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,938 million (no rating) | ¥ 3,596 million (no rating) |
| Date of Redemption: | | April 2054 | August 2054 |

The SuMi TRUST Bank Group holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

(2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2014 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥ 100,677 | ¥ — | ¥ 393,566 | ¥ 393,566 | ¥ — |
| Residential Mortgage Loans | 100,677 | — | 393,566 | 393,566 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥ 100,677 | ¥ — | ¥ 393,566 | ¥ 393,566 | ¥ — |

### (3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

| | Millions of Yen | |
|---|---|---|
| | 2014 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 2,796 | ¥ 197 |
| Others | — | — |
| Total | ¥ 2,796 | ¥ 197 |

### (4) Amounts of assets held for the purpose of securitization transactions and breakdown of main principal assets by type

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Balance | | Required Capital | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 100,677 | ¥ — | ¥ 9,446 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 9,784 | — | 342 | — |
| 50% to Less than 100% | 82,264 | — | 3,852 | — |
| 100% to Less than 350% | 4,403 | — | 773 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,224 | — | 4,478 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 100,677 | ¥ — | ¥ 9,446 | ¥ — |

(6) Amounts equivalent to the increase in capital following securitization and breakdown by type of main principal underlying assets

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 7,444 |
| Others | — |
| Total | ¥ 7,444 |

(7) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 4,224 |
| Others | — |
| Total | ¥ 4,224 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2013 and breakdown by type of principal underlying assets

Not applicable.

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

## Securitization Exposures Purchased by the SuMi TRUST Bank Group

**Fiscal Year 2014**

**Subject to the Calculation of Credit Risk-Weighted Assets**

### (1) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| As of March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | |
| | Exposure Amounts | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures | ¥ 470,780 | ¥ 72,925 |
| Residential Mortgage Loans | 129,259 | 14,180 |
| Credit Card Loans | 419 | — |
| Claims on Lease Payments, Installment Receivables | 33,215 | 53,048 |
| Commercial Real Estate-Secured Loans | — | — |
| Other Claims on Corporates | 307,885 | 5,695 |
| Resecuritization Exposures | 24,120 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 6,378 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 17,742 | — |
| Total | ¥ 494,901 | ¥ 72,925 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Balance | | Required Capital | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 470,780 | ¥ 72,925 | ¥ 3,928 | ¥ 544 |
| Less than 20% | 453,323 | 66,479 | 2,890 | 394 |
| 20% to Less than 50% | 7,946 | 6,445 | 165 | 149 |
| 50% to Less than 100% | 8,394 | — | 396 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | 1,009 | — | 363 | — |
| 1,250% | 106 | — | 112 | — |
| Resecuritization Exposures (IRB Approach) | 24,120 | — | 492 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 23,291 | — | 446 | — |
| 50% to Less than 100% | 829 | — | 45 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 494,901 | ¥ 72,925 | ¥ 4,421 | ¥ 544 |

(3) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 106 |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | — |
| Other Claims on Corporates | — |
| Total | ¥ 106 |

(4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitization exposures held and breakdown of principal underlying assets by type

| As of March 31 | Millions of Yen 2014 Exposure Amounts On-balance Sheet Transactions | Off-balance Sheet Transactions |
|---|---|---|
| Securitization Exposures except Resecuritization Exposures | ¥ 319,060 | ¥ 57,835 |
| Residential Mortgage Loans | 115,785 | 749 |
| Credit Card Loans | 3,373 | — |
| Claims on Lease Payments, Installment Receivables | 32,603 | 45,951 |
| Commercial Real Estate-Secured Loans | — | 2,450 |
| Other Claims on Corporates | 167,298 | 8,684 |
| Resecuritization Exposures | 29,448 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 9,138 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 20,309 | — |
| Total | ¥ 348,508 | ¥ 57,835 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen 2014 Balance On-balance Sheet Transactions | Balance Off-balance Sheet Transactions | Required Capital On-balance Sheet Transactions | Required Capital Off-balance Sheet Transactions |
|---|---|---|---|---|
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 319,060 | ¥ 57,835 | ¥ 4,736 | ¥ 1,461 |
| Less than 20% | 297,285 | 45,951 | 1,973 | 272 |
| 20% to Less than 50% | 4,550 | 3,049 | 77 | 65 |
| 50% to Less than 100% | 12,452 | — | 610 | — |
| 100% to Less than 350% | 2,130 | 8,684 | 289 | 964 |
| 350% to Less than 1,250% | 1,449 | — | 522 | — |
| 1,250% | 1,192 | 150 | 1,263 | 159 |
| Resecuritization Exposures (IRB Approach) | 29,448 | — | 630 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 27,969 | — | 531 | — |
| 50% to Less than 100% | 621 | — | 26 | — |
| 100% to Less than 350% | 857 | — | 72 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 348,508 | ¥ 57,835 | ¥ 5,367 | ¥ 1,461 |

### (3) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| As of March 31 | Millions of Yen 2014 |
|---|---|
| Residential Mortgage Loans | ¥ — |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | 150 |
| Other Claims on Corporates | 1,192 |
| Total | ¥ 1,342 |

### (4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

### (5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

### Subject to the Calculation of Market Risk Assets

Not applicable.

## Market Risk

Consolidated

### (1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| VaR in Banking Account | ¥ 750.6 | ¥ 802.6 | ¥ 576.9 | ¥ 695.4 | ¥ 783.1 | ¥ 920.9 | ¥ 766.9 | ¥ 840.3 |
| VaR in Trading Account | 4.2 | 6.0 | 1.9 | 3.6 | 2.9 | 5.0 | 1.4 | 3.1 |

VaR Measurement Standards

Banking account Confidence interval: one-tailed 99% Holding period: 21 business days to 1 year Observation period: 1 year
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

### (2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| Stressed VaR in Trading Account | ¥ 4.8 [1.5] | ¥ 14.7 [4.6] | ¥ 2.6 [0.8] | ¥ 5.8 [1.8] | ¥ 6.9 [2.2] | ¥ 14.7 [4.7] | ¥ 2.7 [0.8] | ¥ 5.9 [1.8] |

Stressed VaR Measurement Standards

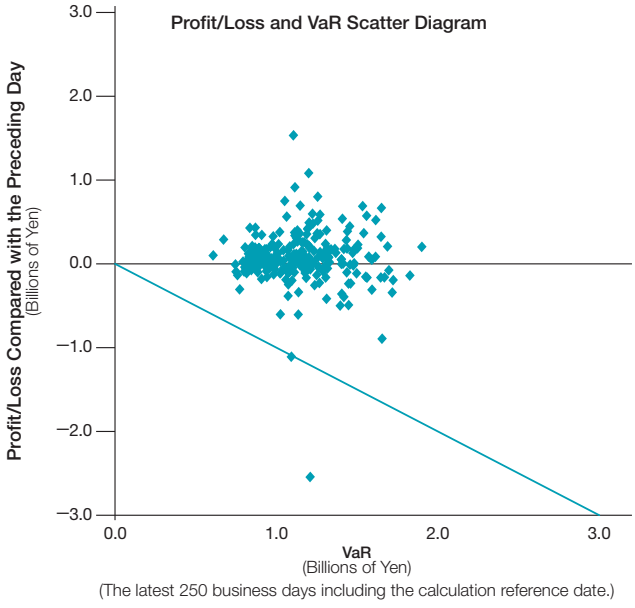
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year
The figures inside the square brackets above denote stress VAR in a case where the holding period is one business day.

### (3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2014 and in the fiscal year ended March 31, 2015.

## (4) Results of back testing and reasons for large downward deviations between actual losses and VaR

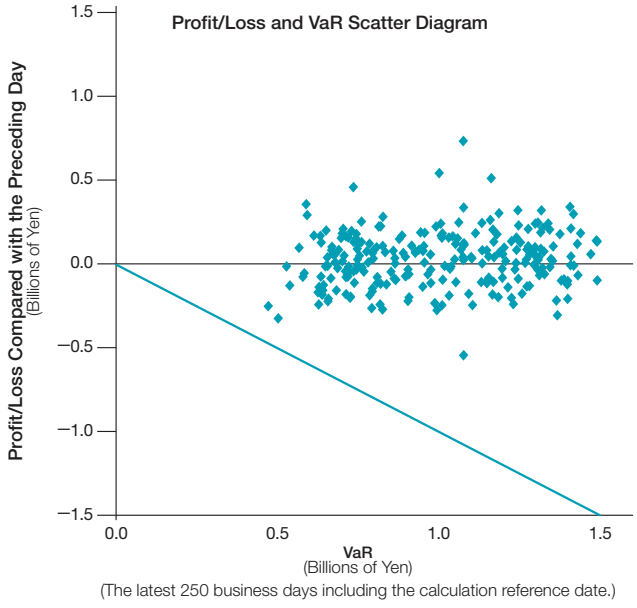
• Back testing of the trading account
Fiscal Year 2014




(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2014 back testing of the trading accounts shows two instances of losses in excess of VaR.

• Back testing of the trading account
Fiscal Year 2013




(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2013 back testing of the trading accounts shows zero instances of losses in excess of VaR.

## Capital Subscriptions or Equity Exposures in the Banking Account — Consolidated

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2014 | | | |
| As of March 31 | Book Value | | Fair Value | | Book Value | | Fair Value | |
| Consolidated Book and Fair Values*1 | | | | | | | | |
| Listed Shares Exposures | ¥ 1,453,802 | | ¥ 1,453,802 | | ¥ 1,110,064 | | ¥ 1,110,064 | |
| Capital Subscriptions or Equity Exposures Other than Above | 94,953 | | 94,953 | | 101,575 | | 101,575 | |
| Amounts of Gains/Losses on Sales and Write-offs | Gains/Losses | Gains | Losses | Write-offs | Gains/Losses | Gains | Losses | Write-offs |
| of Capital Subscriptions or Equity Exposures*2 | (638) | 35,900 | 36,150 | 389 | 3,136 | 57,367 | 52,524 | 1,705 |
| Amounts of Unrealized Gains/Losses Recognized in the Consolidated Balance Sheets and not Recognized in the Consolidated Statements of Income | | | 766,954 | | | | 409,032 | |
| Amounts of Unrealized Gains/Losses not Recognized in the Consolidated Balance Sheets and Statements of Income | | | Not applicable | | | | Not applicable | |

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Consolidated statements of income show gains/losses on stockholdings and related write-offs.

| | Millions of Yen | |
|---|---|---|
| As of March 31 | 2015 | 2014 |
| Amounts by Portfolio Category | ¥ 1,680,500 | ¥ 1,373,204 |
| Transitional Measures*2 | — | 970,736 |
| Portfolios Adopting the Market-based Approach | 72,019 | 73,871 |
| Portfolios Adopting the PD/LGD Approach | 1,608,480 | 328,596 |

Notes: 1. Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.
2. Not applicable in fiscal 2014 (ended March 31, 2015) due to the end of transitory arrangements.

## Exposures Held in Funds as Credit Risk-Weighted Assets — Consolidated

| As of March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Aggregate Sum of Exposures Held in Funds | ¥ 1,223,927 | ¥ 1,017,069 |
| Look-through Approach | 1,111,673 | 915,488 |
| Simple Majority Formula | 47,624 | 42,499 |
| Investment Criteria Formula | 34,163 | 35,483 |
| Internal Model Approach | — | — |
| Probability Approach | 29,798 | 22,877 |
| Others | 667 | 720 |

Note: Exposures subject to the calculation of credit risk-weighted assets are shown.

## Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by the SuMi TRUST Bank Group Regarding Interest Rate Risk in the Banking Account — Consolidated

• Outlier ratios

| As of March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Overall Amounts of Interest Rate Risk | ¥ 80,301 | ¥ 156,528 |
| Japanese Yen Interest Rates | 63,637 | 43,097 |
| U.S. Dollar Interest Rates | 13,707 | 109,664 |
| Other Interest Rates | 2,956 | 3,765 |
| Outlier Ratios | 2.9% | 5.9% |

Note: The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

## Composition of Leverage Ratio

Consolidated

| As of March 31 | | | Millions of Yen, % |
|---|---|---|---|
| Basel Ⅲ Template No. (Table 2) | Basel Ⅲ Template No. (Table 1) | Items | 2015 |
| | | On-Balance Sheet Exposures | |
| 1 | | On-Balance Sheet Exposures before Deducting Adjustment Items | ¥ 41,415,042 |
| 1a | 1 | Total Assets Reported in the Consolidated Balance Sheet | 44,070,299 |
| 1b | 2 | The Amount of Assets of Subsidiaries that are not Included in the Scope of the Leverage Ratio on a Consolidated Basis (Deduction) | — |
| 1c | 7 | The Amount of Assets of Subsidiaries that are Included in the Scope of the Leverage Ratio on a Consolidated Basis (except Those Included in the Total Assets Reported in the Consolidated Balance Sheet) | — |
| 1d | 3 | The Amount of Assets that are Deducted from the Total Assets Reported in the Consolidated Balance Sheet (except Adjustment Items) (Deduction) | 2,655,256 |
| 2 | 7 | The Amount of Adjustment Items Pertaining to Tier 1 Capital (Deduction) | 206,588 |
| 3 | | Total On-Balance Sheet Exposures (A) | 41,208,454 |
| | | Exposures Related to Derivative Transactions | |
| 4 | | Replacement Cost Associated with Derivatives Transactions, etc. | 570,299 |
| 5 | | Add-On Amount Associated with Derivatives Transactions, etc. | 760,819 |
| | | The Amount of Receivables Arising from Providing Cash Margin in Relation to Derivatives Transactions, etc. | 671,992 |
| 6 | | The Amount of Receivables Arising from Providing Cash Margin, Provided where Deducted from the Consolidated Balance Sheet Pursuant to the Operative Accounting Framework | — |
| 7 | | The Amount of Deductions of Receivables (out of those Arising from Providing Cash Variation Margin) (Deduction) | 539,592 |
| 8 | | The Amount of Client-Cleared Trade Exposures for which a Bank or Bank Holding Company Acting as Clearing Member is not Obliged to Make Any Indemnification (Deduction) | |
| 9 | | Adjusted Effective Notional Amount of Written Credit Derivatives | 53,809 |
| 10 | | The Amount of Deductions from Effective Notional Amount of Written Credit Derivatives (Deduction) | 47,800 |
| 11 | 4 | Total Exposures Related to Derivative Transactions (B) | 1,469,528 |
| | | Exposures Related to Repo Transactions | |
| 12 | | The Amount of Assets Related to Repo Transactions, etc. | 446,995 |
| 13 | | The Amount of Deductions from the Assets Above (Line 12) (Deduction) | — |
| 14 | | The Exposures for Counterparty Credit Risk for Repo Transactions, etc. | 32,671 |
| 15 | | The Exposures for Agent Repo Transaction | |
| 16 | 5 | The Total Exposures Related to Repo Transactions, etc. (C) | 479,667 |
| | | Exposures Related to Off-Balance Sheet Transactions | |
| 17 | | Notional Amount of Off-Balance Sheet Transactions | 5,214,751 |
| 18 | | The Amount of Adjustments for Conversion in Relation to Off-Balance Sheet Transactions (Deduction) | 2,761,178 |
| 19 | 6 | Total Exposures Related to Off-Balance Sheet Transactions (D) | 2,453,573 |
| | | Leverage Ratio on a Consolidated Basis | |
| 20 | | The Amount of Capital (Tier 1 Capital) (E) | 2,010,742 |
| 21 | 8 | Total Exposures (F) = (A)+(B)+(C)+(D) | 45,611,224 |
| 22 | | Leverage Ratio on a Consolidated Basis (G) = (E)/(F) | 4.40% |

## Composition of Capital (Non-consolidated BIS capital adequacy ratio)

Non-consolidated

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Common Equity Tier 1 Capital: Instruments and Reserves** | | | | |
| 1a+2–1c–26 | Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,691,791 | | ¥ 1,648,729 | |
| 1a | of Which: Capital Stock and Capital Surplus | 834,289 | | 834,296 | |
| 2 | of Which: Retained Earnings | 892,047 | | 845,004 | |
| 1c | of Which: Treasury Stock (Deduction) | — | | — | |
| 26 | of Which: Earnings to be Distributed (Deduction) | 34,545 | | 30,571 | |
| | of Which: Others | — | | — | |
| 1b | Subscription Rights to Common Shares | — | | — | |
| 3 | Valuation and Translation Adjustments, and Other Disclosed Reserves | 200,929 | ¥ 301,394 | 48,598 | ¥ 194,393 |
| | Amount Allowed in Group Common Equity Tier 1 Subject to Transitional Arrangements | — | | — | |
| 6 | Common Equity Tier 1 Capital: Instruments and Reserves (A) | 1,892,721 | | 1,697,328 | |
| | **Common Equity Tier 1 Capital: Regulatory Adjustments** | | | | |
| 8+9 | Intangible Assets Other than Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | 12,308 | 18,462 | 11,651 | 46,604 |
| 8 | of Which: Goodwill | — | — | — | — |
| 9 | of Which: Other Intangible Assets | 12,308 | 18,462 | 11,651 | 46,604 |
| 10 | Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | — | 304 | 1,217 |
| 11 | Deferred Gains or Losses on Derivatives under Hedge Accounting | (2,187) | (3,280) | (311) | (1,247) |
| 12 | Shortfall of Eligible Provisions to Expected Losses | 22,476 | 33,714 | 20,390 | 81,561 |
| 13 | Securitization Gain on Sale | 2,509 | 3,764 | 1,523 | 6,094 |
| 14 | Gains and Losses Due to Changes in Own Credit Risk on Fair Valued Liabilities | — | — | — | — |
| 15 | Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities) | 48,614 | 72,921 | 29,241 | 116,967 |
| 16 | Investments in Own Shares (Excluding Those Reported in the Net Assets Section) | — | — | — | — |
| 17 | Reciprocal Cross-Holdings in Common Equity | — | — | — | — |
| 18 | Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does Not Own More than 10% of the Issued Share Capital (Amount above 10% Threshold) | 6,658 | 9,987 | 6,292 | 25,168 |
| 19+20+21 | Amount above the 10% Threshold on the Specified Items | — | — | — | — |
| 19 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| 20 | of Which: Mortgage Servicing Rights | — | — | — | — |
| 21 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | — | — | — |
| 22 | Amount Exceeding the 15% Threshold on the Specified Items | — | — | — | — |
| 23 | of Which: Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| 24 | of Which: Mortgage Servicing Rights | — | — | — | — |
| 25 | of Which: Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | — | — | — |
| 27 | Regulatory Adjustments Applied to Common Equity Tier 1 Due to Insufficient Additional Tier 1 and Tier 2 to Cover Deductions | — | | — | |
| 28 | Common Equity Tier 1 Capital: Regulatory Adjustments (B) | 90,380 | | 69,091 | |
| | **Common Equity Tier 1 Capital (CETI)** | | | | |
| 29 | Common Equity Tier 1 Capital (C) = (A)–(B) | ¥ 1,802,341 | | ¥ 1,628,236 | |

| As of March 31 | | | Millions of Yen, % | | | |
|---|---|---|---|---|---|---|
| Basel Ⅲ Template No. | | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| **Additional Tier 1 Capital: Instruments** | | | | | | |
| 30 | 31a | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | ¥ — | | ¥ — | |
| | 31b | Subscription Rights to Additional Tier 1 Instruments | — | | — | |
| | 32 | Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | — | | — | |
| | | Qualifying Additional Tier 1 Instruments Issued by Special Purpose Vehicles | — | | — | |
| 33+35 | | Eligible Tier 1 Capital Instruments Subject to Phase out from Additional Tier 1 Capital | 160,000 | | 269,000 | |
| | | Amount Allowed in Group Additional Tier 1 Subject to Transitional Arrangements | (0) | | (0) | |
| | | of Which: Foreign Currency Translation Adjustment | (0) | | (0) | |
| 36 | | Additional Tier 1 Capital: Instruments (D) | 159,999 | | 268,999 | |
| **Additional Tier 1 Capital: Regulatory Adjustments** | | | | | | |
| 37 | | Investments in Own Additional Tier 1 Instruments | — | ¥ — | — | ¥ — |
| 38 | | Reciprocal Cross-Holdings in Additional Tier 1 Instruments | — | — | — | — |
| 39 | | Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | 2,759 | 4,138 | 4,564 | 18,256 |
| 40 | | Significant Investments in the Additional Tier 1 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | — | — |
| | | Regulatory Adjustments Applied to Additional Tier 1 Subject to Transitional Arrangements | 20,622 | | 46,875 | |
| | | of Which: Equivalent to Capital Increase Due to Securitization Transactions | 3,764 | | 6,094 | |
| | | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | 16,857 | | 40,780 | |
| 42 | | Regulatory Adjustments Applied to Additional Tier 1 Due to Insufficient Tier 2 to Cover Deductions | — | | — | |
| 43 | | Additional Tier 1 Capital: Regulatory Adjustments (E) | 23,381 | | 51,439 | |
| **Additional Tier 1 Capital (ATI)** | | | | | | |
| 44 | | Additional Tier 1 Capital (F) = (D)–(E) | 136,618 | | 217,560 | |
| **Tier 1 Capital (TI = CETI + ATI)** | | | | | | |
| 45 | | Tier 1 Capital (G) = (C)+(F) | 1,938,960 | | 1,845,796 | |
| **Tier 2 Capital: Instruments and Provisions** | | | | | | |
| 46 | | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | | — | |
| | | Subscription Rights to Tier 2 Instruments | — | | — | |
| | | Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | 30,000 | | — | |
| | | Qualifying Tier 2 Instruments Issued by Special Purpose Vehicles | — | | — | |
| 47+49 | | Eligible Tier 2 Capital Instruments Subject to Phase out from Tier 2 | 574,183 | | 686,327 | |
| 50 | | Provisions Allowed in Group Tier 2 | — | | — | |
| 50a | | of Which: General Allowance for Credit Losses | — | | — | |
| 50b | | of Which: Excess Amount of Eligible Provisions to Expected Losses | — | | — | |
| | | Amount Allowed in Group Tier 2 Subject to Transitional Arrangements | 202,615 | | 134,739 | |
| | | of Which: 45% of Net Unrealized Gain on Available-for-Sale Securities | 201,744 | | 132,731 | |
| | | of Which: 45% of Revaluation Reserve for Land | 871 | | 2,007 | |
| 51 | | Tier 2 Capital: Instruments and Provisions (H) | ¥ 806,799 | | ¥ 821,066 | |

| As of March 31 | | Millions of Yen, % | | | |
|---|---|---|---|---|---|
| Basel Ⅲ Template No. | Items | 2015 | Amounts Excluded under Transitional Arrangements | 2014 | Amounts Excluded under Transitional Arrangements |
| | **Tier 2 Capital: Regulatory Adjustments** | | | | |
| 52 | Investments in Own Tier 2 Instruments | ¥ — | ¥ — | ¥ — | ¥ — |
| 53 | Reciprocal Cross-Holdings in Tier 2 Instruments | — | — | — | — |
| 54 | Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions, Where the Bank Does not Own More than 10% of the Issued Common Share Capital of the Entity (Amount above 10% Threshold) | 7,146 | 10,720 | 13,856 | 55,427 |
| 55 | Significant Investments in the Tier 2 Instruments of Banking, Financial and Insurance Entities That are Outside of the Scope of Regulatory Consolidation, Net of Eligible Short Positions | — | — | 1,140 | 4,560 |
| | Regulatory Adjustments Applied to Tier 2 Subject to Transitional Arrangements | 18,584 | | 50,563 | |
| | of Which: Accumulated Investments in the Common Stock of Banking, Financial and Insurance Entities | 1,727 | | 9,782 | |
| | of Which: Equivalent to 50% of the Excess of Expected Loss over Qualifying Allowance | 16,857 | | 40,780 | |
| 57 | Tier 2 Capital: Regulatory Adjustments (I) | 25,731 | | 65,560 | |
| | **Tier 2 Capital (TⅡ)** | | | | |
| 58 | Tier 2 Capital (J) = (H)–(I) | 781,067 | | 755,506 | |
| | **Total Capital (TC = T1 + TⅡ)** | | | | |
| 59 | Total Capital (K) = (G)+(J) | 2,720,027 | | 2,601,302 | |
| | **Total Risk Weighted Assets** | | | | |
| | Risk Weighted Assets Subject to Transitional Arrangements | 140,402 | | 297,906 | |
| | of Which: Intangible Fixed Assets (excluding Mortgage Servicing Rights) | 18,462 | | 46,604 | |
| | of Which: Deferred Tax Assets That Rely on Future Profitability Excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | | 1,217 | |
| | of Which: Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities) | 72,921 | | 116,967 | |
| | of Which: Investments in the Common Stock of Banking, Financial and Insurance Entities | 49,018 | | 133,115 | |
| 60 | Total Risk Weighted Assets (L) | 18,653,814 | | 18,614,784 | |
| | **Capital Ratios** | | | | |
| 61 | Common Equity Tier 1 Capital Ratio (C)/(L) | 9.66% | | 8.74% | |
| 62 | Tier 1 Capital Ratio (G)/(L) | 10.39% | | 9.91% | |
| 63 | Total Capital Ratio (K)/(L) | 14.58% | | 13.97% | |
| | **Regulatory Adjustments (before Risk Weighting)** | | | | |
| 72 | Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than 10% of the Issued Share Capital (Amount below the Threshold for Deduction) | 198,479 | | 157,770 | |
| 73 | Significant Investments in the Common Stock of Banking, Financial and Insurance Entities (Amount below the Thresholds for Deduction) | 29,140 | | 34,977 | |
| 74 | Mortgage Servicing Rights (Amount below the Thresholds for Deduction) | — | | — | |
| 75 | Deferred Tax Assets Arising from Temporary Differences (Amount below the Thresholds for Deduction) | — | | 45,954 | |
| | **Provisions Included in Tier 2 Capital: Instruments and Provisions** | | | | |
| 76 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Standardized Approach (Prior to Applicable of Cap) | — | | — | |
| 77 | Cap on Inclusion of Provisions in Tier 2 under Standardized Approach | 1,612 | | 3,539 | |
| 78 | Provisions Eligible for Inclusion in Tier 2 in Respect of Exposures Subject to Internal Ratings-Based Approach (Prior to Applicable of Cap) | — | | — | |
| 79 | Cap on Inclusion of Provisions in Tier 2 under Internal Ratings-Based Approach | 100,662 | | 100,199 | |
| | **Capital Instruments Subject to Phase out Arrangements** | | | | |
| 82 | Current Cap on Additional Tier 1 Instruments Subject to Phase out Arrangements | 272,300 | | 311,200 | |
| 83 | Amount Excluded from Additional Tier 1 Due to Cap (Excess over Cap after Redemptions and Maturities) | — | | — | |
| 84 | Current Cap on Tier 2 Instruments Subject to Phase out Arrangements | 600,536 | | 686,327 | |
| 85 | Amount Excluded from Tier 2 Due to Cap (Excess over Cap after Redemptions and Maturities) | ¥ — | | ¥ 74,956 | |

Note: SuMi TRUST Bank received an external audit by KPMG AZSA LLC of the calculation of the non-consolidated BIS capital adequacy ratio in line with "Agreed Upon Methods for the Implementation of Capital Adequacy Ratio Audits" (Pronouncement 30 of the Japanese Institute of Certified Public Accountants, Bank Auditing Committee, May 13, 2014). The external audit is not part of the accounting audit of the non-consolidated financial statements but was conducted by the external auditor as part of the internal risk management framework concerning the calculation of the non-consolidated BIS capital adequacy ratio under agreed-upon examination procedures, which we considered it necessary, and is a report of the results presented to us. It thus does not represent an opinion by the external auditor regarding the non-consolidated BIS capital adequacy ratio itself or parts of internal risk management framework which concern the ratio.

## Explanation on Reconciliation between Balance Sheet Items and Regulatory Capital Elements Non-consolidated

### Fiscal Year 2014

| Items | Non-consolidated Balance Sheet Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| (Assets) | | | |
| Cash and Due from Banks | ¥ 8,170,551 | | |
| Call Loans | 205,075 | | |
| Receivables under Resale Agreements | 136,188 | | |
| Receivables under Securities Borrowing Transactions | 310,806 | | |
| Monetary Claims Bought | 117,318 | | |
| Trading Assets | 793,552 | | |
| Securities | 5,039,688 | 6–a | |
| Loans and Bills Discounted | 25,826,433 | 6–b | |
| Foreign Exchanges | 12,732 | | |
| Other Assets | 1,341,573 | 6–c | |
| Tangible Fixed Assets | 196,564 | | |
| Buildings | 62,394 | | |
| Land | 110,497 | | |
| Lease Assets | 1,832 | | |
| Construction in Progress | 1,770 | | |
| Other | 20,069 | | |
| Intangible Fixed Assets | 45,478 | 2 | |
| Software | 41,251 | | |
| Lease Assets | 43 | | |
| Other | 4,183 | | |
| Prepaid Pension Cost | 179,627 | 3 | |
| Customers' Liabilities for Acceptances and Guarantees | 396,865 | | |
| Allowance for Loan Losses | (66,997) | | |
| Total Assets | ¥ 42,705,462 | | |

| Items | Non-consolidated Balance Sheet<br>Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Liabilities)** | | | |
| Deposits | ¥ 24,855,580 | | |
| Negotiable Certificates of Deposit | 6,758,067 | | |
| Call Money | 847,690 | | |
| Payables under Repurchase Agreements | 462,942 | | |
| Trading Liabilities | 405,224 | | |
| Borrowed Money* | 2,128,188 | 7 | |
| Foreign Exchanges | 140 | | |
| Short-term Bonds Payable | 727,157 | | |
| Bonds Payable | 952,607 | | |
| Borrowed Money from Trust Account | 1,644,822 | | |
| Other Liabilities | 1,108,508 | 6–d | |
| Provision for Bonuses | 9,657 | | |
| Provision for Director's Bonuses | 110 | | |
| Provision for Retirement Benefits | 640 | | |
| Provision for Reimbursement of Deposits | 3,598 | | |
| Provision for Contingent Loss | 8,533 | | |
| Deferred Tax Liabilities | 163,270 | 4–a | |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | 4–b | |
| Acceptances and Guarantees | 396,865 | | |
| Total Liabilities | 40,476,928 | | |
| **(Net Assets)** | | | |
| Capital Stock | 342,037 | 1–a | |
| Capital Surplus | 492,252 | 1–b | |
| Retained Earnings | 891,919 | 1–c | |
| Total Shareholders' Equity | 1,726,208 | | |
| Valuation Difference on Available-for-Sale Securities | 512,775 | | |
| Deferred Gains or Losses on Hedges | (10,357) | 5 | |
| Revaluation Reserve for Land | (93) | | |
| Total Valuation and Translation Adjustments | 502,324 | | 3 |
| Total Net Assets | 2,228,533 | | |
| Total Liabilities and Net Assets | ¥ 42,705,462 | | |

Note: The item "borrowed money" includes ¥160,000 million in subordinate debt, and of the total of eligible tier 1 capital instruments subject to phase out from additional Tier 1 capital, in the disclosure of the composition of capital, "borrowed money" is included in the total of core additional Tier 1 capital.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

#### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 342,037 | | 1–a |
| Capital Surplus | 492,252 | | 1–b |
| Retained Earnings | 891,919 | | 1–c |
| Total Shareholders' Equity | ¥ 1,726,208 | | |

#### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,726,337 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 834,289 | | 1a |
| of Which: Retained Earnings | 892,047 | | 2 |
| of Which: Treasury Stock (Deduction) | — | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

#### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 45,478 | | 2 |
| | | | |
| Associated Deferred Tax Liabilities | 14,707 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ — | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 30,771 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Defined-benefit pension fund net assets (prepaid pension cost)

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Prepaid Pension Cost | ¥ 179,627 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 58,091 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities) | ¥ 121,536 | | 15 |

## 4. Deferred tax assets

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Liabilities | ¥ 163,270 | | 4–a |
| Deferred Tax Liabilities for Land Revaluation | 3,322 | | 4–b |
| | | | |
| Associated Intangible Fixed Assets | 14,707 | | |
| Associated Prepaid Pension Cost | 58,091 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ — | This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | — | This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (10,357) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (5,467) | Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments" | 11 |

## 6. Investments in the capital of financial entities

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Securities | ¥ 5,039,688 | | 6–a |
| Loans and Bills Discounted | 25,826,433 | Including subordinated loans | 6–b |
| Other Assets | 1,341,573 | Including derivatives | 6–c |
| Other Liabilities | ¥ 1,108,508 | Including derivatives | 6–d |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ — | | |
| Common Equity Tier 1 Capital | — | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than10% of the Issued Share Capital | 239,890 | | |
| Common Equity Tier 1 Capital | 16,645 | | 18 |
| Additional Tier 1 Capital | 6,898 | | 39 |
| Tier 2 Capital | 17,867 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 198,479 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 29,140 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | — | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 29,140 | | 73 |

## 7. Other Capital Instruments

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Borrowed Money | ¥ 2,128,188 | | 7 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | ¥ — | | 32 |
| Directly Issued Qualifying Tier 2 Instruments Plus Related Capital Surplus of Which Classified as Liabilities under Applicable Accounting Standards | 30,000 | | 46 |

## Fiscal Year 2013

| Items | Non-consolidated Balance Sheet Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| (Assets) | | | |
| Cash and Due from Banks | ¥ 5,614,828 | | |
| Call Loans | 366,552 | | |
| Receivables under Resale Agreements | 88,069 | | |
| Receivables under Securities Borrowing Transactions | 289,377 | | |
| Monetary Claims Bought | 258,311 | | |
| Trading Assets | 585,467 | | |
| Money Held in Trust | 12,000 | 6–a | |
| Securities | 5,971,283 | 6–b | |
| Loans and Bills Discounted | 24,034,244 | 6–c | |
| Foreign Exchanges | 12,114 | | |
| Other Assets | 1,136,155 | 6–d | |
| Tangible Fixed Assets | 203,326 | | |
| Buildings | 64,914 | | |
| Land | 114,586 | | |
| Lease Assets | 1,488 | | |
| Construction in Progress | 767 | | |
| Other | 21,570 | | |
| Intangible Fixed Assets | 90,515 | 2 | |
| Software | 86,264 | | |
| Lease Assets | 64 | | |
| Other | 4,186 | | |
| Prepaid Pension Cost | 227,175 | 3 | |
| Customers' Liabilities for Acceptances and Guarantees | 317,332 | | |
| Allowance for Loan Losses | (84,089) | | |
| Total Assets | ¥ 39,122,664 | | |

| Items | Non-consolidated Balance Sheet<br>Amount (Millions of Yen) | Ref. No. of Appendix | Basel Ⅲ Template No. under the Composition of Capital Disclosure |
|---|---|---|---|
| **(Liabilities)** | | | |
| Deposits | ¥ 24,072,972 | | |
| Negotiable Certificates of Deposit | 5,304,179 | | |
| Call Money | 251,455 | | |
| Payables under Repurchase Agreements | 1,291,641 | | |
| Trading Liabilities | 214,138 | | |
| Borrowed Money* | 1,574,581 | | |
| Foreign Exchanges | 228 | | |
| Short-term Bonds Payable | 667,403 | | |
| Bonds Payable | 995,826 | | |
| Borrowed Money from Trust Account | 1,342,001 | | |
| Other Liabilities | 971,748 | 6–e | |
| Provision for Bonuses | 8,787 | | |
| Provision for Director's Bonuses | 105 | | |
| Provision for Retirement Benefits | 628 | | |
| Provision for Reimbursement of Deposits | 3,917 | | |
| Provision for Contingent Loss | 8,800 | | |
| Deferred Tax Liabilities | 61,793 | 4–a | |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | 4–b | |
| Acceptances and Guarantees | 317,332 | | |
| Total Liabilities | 37,091,495 | | |
| **(Net Assets)** | | | |
| Capital Stock | 342,037 | 1–a | |
| Capital Surplus | 601,259 | 1–b | |
| Retained Earnings | 844,879 | 1–c | |
| Total Shareholders' Equity | 1,788,176 | | |
| Valuation Difference on Available-for-Sale Securities | 247,804 | | |
| Deferred Gains or Losses on Hedges | (6,434) | 5 | |
| Revaluation Reserve for Land | 1,622 | | |
| Total Valuation and Translation Adjustments | 242,992 | | 3 |
| Total Net Assets | 2,031,168 | | |
| Total Liabilities and Net Assets | ¥ 39,122,664 | | |

Note: The item "borrowed money" includes ¥160,000 million in subordinate debt, and of the total of eligible tier 1 capital instruments subject to phase out from additional Tier 1 capital, in the disclosure of the composition of capital, "borrowed money" is included in the total of core additional Tier 1 capital.

## (Appendix)

Note: Amounts in the "Composition of capital" are based on those before considering under transitional arrangements. Therefore, they include "Amounts excluded under transitional arrangements" disclosed in "Composition of capital disclosure" and exclude items for regulatory purpose under transitional arrangement from these tables.

### 1. Shareholders' equity

#### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Capital Stock | ¥ 342,037 | | 1–a |
| Capital Surplus | 601,259 | | 1–b |
| Retained Earnings | 844,879 | | 1–c |
| Total Shareholders' Equity | ¥ 1,788,176 | | |

#### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Directly Issued Qualifying Common Share Capital Plus Related Capital Surplus and Retained Earnings | ¥ 1,679,301 | Shareholders' Equity Attributable to Common Shares (before Adjusting National Specific Regulatory Adjustments (Earnings to be Distributed)) | |
| of Which: Capital Stock and Capital Surplus | 834,296 | | 1a |
| of Which: Retained Earnings | 845,004 | | 2 |
| of Which: Treasury Stock (Deduction) | — | | 1c |
| of Which: Others | — | | |
| Directly Issued Qualifying Additional Tier 1 Instruments Plus Related Capital Surplus of Which Classified as Equity under Applicable Accounting Standards | — | Shareholders' Equity Attributable to Preferred Shares with a Loss Absorbency at the Point of Non-Viability | 31a |

### 2. Intangible fixed assets

#### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Intangible Fixed Assets | ¥ 90,515 | | 2 |
| | | | |
| Associated Deferred Tax Liabilities | 32,259 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Goodwill (Net of Related Deferred Tax Liabilities, Including Those Equivalent) | ¥ — | | 8 |
| Other Intangible Assets (Net of Related Deferred Tax Liabilities) | 58,256 | Excluding Goodwill, Mortgage Servicing Rights (Software, etc.) | 9 |
| Mortgage Servicing Rights (Net of Related Deferred Tax Liabilities) | — | | |
| Amount above the 10% Threshold on the Specified Items | — | | 20 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 24 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | — | | 74 |

## 3. Defined-benefit pension fund net assets (prepaid pension cost)

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Prepaid Pension Cost | ¥ 227,175 | | 3 |
| | | | |
| Associated Deferred Tax Liabilities | 80,965 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Defined-Benefit Pension Fund Net Assets (Net of Related Deferred Tax Liabilities) | ¥ 146,209 | | 15 |

## 4. Deferred tax assets

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Tax Liabilities | ¥ 61,793 | | 4–a |
| Deferred Tax Liabilities for Land Revaluation | 3,954 | | 4–b |
| | | | |
| Associated Intangible Fixed Assets | 32,259 | | |
| Associated Prepaid Pension Cost | 80,965 | | |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Tax Assets That Rely on Future Profitability excluding Those Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | ¥ 1,522 | This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities. | 10 |
| Deferred Tax Assets Arising from Temporary Differences (Net of Related Deferred Tax Liabilities) | 45,954 | This Item Does not Agree with the Amount Reported on the Balance Sheet Due to Offsetting of Assets and Liabilities. | |
| Amount above the 10% Threshold on the Specified Items | — | | 21 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 25 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 45,954 | | 75 |

## 5. Deferred gains or losses on hedges

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Deferred Gains or Losses on Hedges | ¥ (6,434) | | 5 |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Deferred Gains or Losses on Derivatives under Hedge Accounting | ¥ (1,559) | Excluding those items whose valuation differences arising from hedged items are recognized as "Total valuation and translation adjustments" | 11 |

## 6. Investments in the capital of financial entities

### (1) Balance sheet

| Non-consolidated Balance Sheet Items | Amount (Millions of Yen) | Remarks | Ref. No. |
|---|---|---|---|
| Money Held in Trust | ¥ 12,000 | | 6–a |
| Securities | 5,971,283 | | 6–b |
| Loans and Bills Discounted | 24,034,244 | Including subordinated loans | 6–c |
| Other Assets | 1,136,155 | Including derivatives | 6–d |
| Other Liabilities | ¥ 971,748 | Including derivatives | 6–e |

### (2) Composition of capital

| Items in the Composition of Capital Disclosure | Amount (Millions of Yen) | Remarks | Basel Ⅲ Template No. |
|---|---|---|---|
| Investments in Own Capital Instruments | ¥ — | | |
| Common Equity Tier 1 Capital | — | | 16 |
| Additional Tier 1 Capital | — | | 37 |
| Tier 2 Capital | — | | 52 |
| Reciprocal Cross-Holdings in Capital Instruments | — | | |
| Common Equity Tier 1 Capital | — | | 17 |
| Additional Tier 1 Capital | — | | 38 |
| Tier 2 Capital | — | | 53 |
| Investments in the Instruments of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Where the Bank Does not Own More than10% of the Issued Share Capital | 281,336 | | |
| Common Equity Tier 1 Capital | 31,460 | | 18 |
| Additional Tier 1 Capital | 22,820 | | 39 |
| Tier 2 Capital | 69,284 | | 54 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 157,770 | | 72 |
| Significant Investments in the Common Stock of Banking, Financial and Insurance Entities That are Outside the Scope of Regulatory Consolidation, Net of Eligible Short Positions | 40,677 | | |
| Amount above the 10% Threshold on the Specified Items | — | | 19 |
| Amount exceeding the 15% Threshold on the Specified Items | — | | 23 |
| Additional Tier 1 Capital | — | | 40 |
| Tier 2 Capital | 5,700 | | 55 |
| Amount below the Thresholds for Deduction (before Risk Weighting) | 34,977 | | 73 |

## Capital Adequacy

Non-consolidated

### Amounts of Required Capital

#### (1) Amounts of required capital against credit risk (excluding equity exposures to which the IRB Approach is applied and exposures held in funds)

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Portfolios to Which the Standardized Approach is Applied | ¥ 16,151 | ¥ 32,009 |
| Exposures to Business Units Set for Phased Roll-out Application | — | — |
| Exposures Excluded from Application | 16,151 | 32,009 |
| Portfolios to Which the IRB Approach is Applied and Breakdown by Portfolio | 1,162,036 | 1,295,064 |
| Corporate Exposures | 803,396 | 926,954 |
| Sovereign Exposures | 19,106 | 21,339 |
| Financial Institution Exposures | 60,225 | 47,861 |
| Residential Mortgage Exposures | 84,467 | 101,941 |
| Qualifying Revolving Retail Exposures | 596 | 670 |
| Other Retail Exposures | 9,488 | 13,586 |
| Other Exposures*1 | 184,754 | 182,711 |
| Securitization Exposures | 12,636 | 14,786 |

*1. Other exposures refer to the exposures below.
Purchased receivables, unsettled transactions, CVA risk, central counterparty-related, equities, with 250% risk-weight applied and other assets
*2. The calculation method of the amounts of required capital ratio against credit risk is as follows:
Portfolios to which the Standardized Approach is applied: amount of credit risk-weighted assets x 8%
Portfolios to which the IRB Approach is applied: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount
Securitization exposures: (amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

#### (2) Amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Equity Exposures | ¥ 193,564 | ¥ 140,660 |
| PD/LGD Approach | 176,230 | 38,394 |
| Simple Risk-Weight Method of the Market-based Approach | 17,334 | 20,329 |
| Internal Model Method of the Market-based Approach | — | — |
| Transitional Measures*1 | — | 81,935 |

*1. The amount of credit risk-weighted assets is calculated with a risk-weight of 100%, pursuant to the Notification, Supplementary Rules Article 13.
Not applicable in fiscal year 2014 (ended March 31, 2015) due to the end of transitory arrangements.
*2. The calculation method of the amounts of required capital against credit risk concerning equity exposures to which the IRB Approach is applied is as follows
Those applicable to the PD/LGD approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the simple risk-weight method of the market-based approach: (amount of credit risk-weighted assets x 1.06) x 8%
Those applicable to the transitional measures: (amount of credit risk-weighted assets x 1.06) x 8%

#### (3) Amounts of required capital against credit risk concerning exposures held in funds

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Exposures Held in Funds* | ¥ 156,169 | ¥ 120,532 |

* (Amount of credit risk-weighted assets x 1.06) x 8% + expected loss amount

### (4) Amounts of required capital against market risk

| As of March 31 | Millions of Yen | |
|---|---|---|
| | **2015** | 2014 |
| Market Risk | **¥ 29,374** | ¥ 28,875 |
| Amounts of Required Capital by Category under the Standardized Approach | **618** | 630 |
| Interest Rate Risk | **618** | 630 |
| Equity Position Risk | **—** | — |
| Foreign Exchange Risk | **—** | — |
| Commodities Risk | **—** | — |
| Options Transactions | **—** | — |
| Internal Model Approach | **28,756** | 28,244 |

### (5) Amounts of required capital against operational risk

| As of March 31 | Millions of Yen | |
|---|---|---|
| | **2015** | 2014 |
| Operational Risk | **¥ 54,167** | ¥ 52,145 |
| Advanced Measurement Approach | **54,167** | 52,145 |
| Standardized Approach | **—** | — |
| Basic Indicator Approach | **—** | — |

### (6) Total required capital

| As of March 31 | Millions of Yen | |
|---|---|---|
| | **2015** | 2014 |
| Total Required Capital* | **¥ 1,492,305** | ¥ 1,489,182 |

* (Total amount of credit risk-weighted assets + market risk equivalents/8% + operational risk equivalents/8%) x 8%

## Credit Risk

Non-consolidated

### Balance of Exposures Related to Credit Risk and Breakdown by Primary Types

| As of March 31 | Millions of Yen 2015 Credit Risk Exposures | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | Exposures Three Months or Longer Overdue or Exposures in Default |
|---|---|---|---|---|---|---|
| Japan | ¥ 34,067,400 | ¥ 27,578,090 | ¥ 3,268,864 | ¥ 442,781 | ¥ 2,777,664 | ¥ 199,546 |
| Outside Japan | 6,141,623 | 4,545,351 | 835,601 | 383,555 | 377,115 | 16,117 |
| Total for Regions | ¥ 40,209,024 | ¥ 32,123,442 | ¥ 4,104,466 | ¥ 826,336 | ¥ 3,154,779 | ¥ 215,663 |
| Manufacturing | 4,479,176 | 2,561,758 | 893,851 | 46,884 | 976,681 | 19,095 |
| Agriculture and Forestry | 2,916 | 2,737 | 119 | 59 | — | 1,188 |
| Fisheries | 91 | 0 | 90 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 25,574 | 14,079 | 244 | — | 11,250 | — |
| Construction | 283,299 | 174,571 | 50,283 | 645 | 57,799 | 5,297 |
| Electricity, Gas, Heat Supply and Water | 1,041,956 | 906,481 | 42,045 | 5,433 | 87,995 | 26 |
| Information and Communication | 412,469 | 349,875 | 12,738 | 927 | 48,928 | 746 |
| Transport and Postal Activities | 1,508,333 | 1,115,471 | 279,522 | 15,709 | 97,629 | 9,062 |
| Wholesale and Retail Trade | 1,844,353 | 1,300,798 | 166,498 | 5,701 | 371,355 | 3,888 |
| Finance and Insurance | 2,715,920 | 1,906,912 | 282,766 | 327,146 | 199,095 | 72,875 |
| Real Estate | 3,246,233 | 2,581,604 | 372,767 | 15,416 | 276,444 | 33,393 |
| Goods Rental and Leasing | 658,202 | 596,895 | 12,734 | 1,075 | 47,496 | 265 |
| Local Public Bodies | 109,611 | 91,978 | 4,146 | — | 13,486 | — |
| Individuals | 7,262,375 | 7,192,047 | — | — | 70,327 | 43,733 |
| Others | 16,618,510 | 13,328,227 | 1,986,656 | 407,337 | 896,288 | 26,089 |
| Total for Industry Sectors | ¥ 40,209,024 | ¥ 32,123,442 | ¥ 4,104,466 | ¥ 826,336 | ¥ 3,154,779 | ¥ 215,663 |
| One Year or Less | 8,129,687 | 6,136,140 | 761,867 | 142,821 | 1,088,857 | |
| Over One Year to Three Years | 5,586,845 | 3,810,896 | 663,799 | 204,062 | 908,087 | |
| Over Three Years to Five Years | 11,968,615 | 11,073,845 | 388,064 | 117,379 | 389,326 | |
| Over Five Years | 14,523,876 | 11,102,560 | 2,290,736 | 362,073 | 768,507 | |
| Total for All Durations | ¥ 40,209,024 | ¥ 32,123,442 | ¥ 4,104,466 | ¥ 826,336 | ¥ 3,154,779 | |
| Average Balance during the Period | ¥ 38,409,067 | ¥ 30,308,464 | ¥ 4,623,251 | ¥ 714,477 | ¥ 2,762,874 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., and purchased receivables.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2014, September 30, 2014 and March 31, 2015.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

| As of March 31 | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | | | |
| | Credit Risk Exposures | | | | | Exposures Three Months or Longer Overdue or Exposures in Default |
| | | Loans, Call Loans, Deposits, etc. | Securities | Derivative Transactions | Other Off-balance Sheet Transactions | |
| Japan | ¥ 31,388,454 | ¥ 25,266,211 | ¥ 3,597,433 | ¥ 266,078 | ¥ 2,258,731 | ¥ 245,025 |
| Outside Japan | 5,168,306 | 3,038,518 | 1,556,432 | 314,906 | 258,449 | 18,599 |
| Total for Regions | ¥ 36,556,760 | ¥ 28,304,730 | ¥ 5,153,865 | ¥ 580,984 | ¥ 2,517,180 | ¥ 263,625 |
| | | | | | | |
| Manufacturing | 4,215,939 | 2,587,338 | 729,083 | 20,653 | 878,864 | 63,014 |
| Agriculture and Forestry | 3,026 | 2,631 | 328 | 66 | — | — |
| Fisheries | 93 | 0 | 92 | — | — | — |
| Mining and Quarrying of Stones and Gravel | 13,238 | 11,849 | 216 | — | 1,172 | — |
| Construction | 279,613 | 157,587 | 66,505 | 535 | 54,985 | 5,380 |
| Electricity, Gas, Heat Supply and Water | 975,266 | 867,618 | 37,658 | 2,079 | 67,909 | 69 |
| Information and Communication | 405,465 | 356,691 | 12,074 | 940 | 35,759 | 746 |
| Transport and Postal Activities | 1,426,662 | 1,129,462 | 203,134 | 13,163 | 80,901 | 1,150 |
| Wholesale and Retail Trade | 1,705,142 | 1,236,145 | 178,408 | 5,379 | 285,209 | 2,480 |
| Finance and Insurance | 2,605,757 | 2,011,893 | 302,394 | 199,361 | 92,108 | 69,182 |
| Real Estate | 3,037,400 | 2,489,204 | 241,627 | 11,476 | 295,092 | 41,165 |
| Goods Rental and Leasing | 662,314 | 585,113 | 14,770 | 817 | 61,613 | 279 |
| Local Public Bodies | 100,338 | 72,060 | 15,665 | — | 12,611 | — |
| Individuals | 7,115,028 | 7,035,123 | — | — | 79,905 | 48,272 |
| Others | 14,011,473 | 9,762,010 | 3,351,906 | 326,511 | 571,044 | 31,883 |
| Total for Industry Sectors | ¥ 36,556,760 | ¥ 28,304,730 | ¥ 5,153,865 | ¥ 580,984 | ¥ 2,517,180 | ¥ 263,625 |
| | | | | | | |
| One Year or Less | 7,995,103 | 5,600,734 | 1,543,587 | 70,905 | 779,876 | |
| Over One Year to Three Years | 5,393,675 | 3,919,176 | 578,183 | 115,408 | 780,906 | |
| Over Three Years to Five Years | 9,174,917 | 8,244,074 | 441,447 | 140,247 | 349,147 | |
| Over Five Years | 13,993,064 | 10,540,744 | 2,590,647 | 254,422 | 607,249 | |
| Total for All Durations | ¥ 36,556,760 | ¥ 28,304,730 | ¥ 5,153,865 | ¥ 580,984 | ¥ 2,517,180 | |
| | | | | | | |
| Average Balance during the Period | ¥ 35,256,752 | ¥ 26,903,722 | ¥ 5,243,596 | ¥ 625,265 | ¥ 2,484,167 | |

Notes: 1. Of exposures subject to the calculation of credit risk-weighted assets, the above lists corporate, retail, equities, etc., and purchased receivables.
2. "Others" in the industry sectors include non-residents and state public services. Exposures for durations of over five years include those with no fixed maturities.
3. "Average Balance during the Period" is the average of the balance as of March 31, 2013, September 30, 2013 and March 31, 2014.
4. The above data represents amounts after credit risk mitigation effects of netting contracts allowed under the law and netting against the obligor's cash on deposit.

## Balance and Changes of General Allowance for Loan Losses, Specific Allowance for Loan Losses, and Allowance for Loan Losses from Specified Foreign Country Borrowers

### (1) General allowance for loan losses

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | 2015 | 2014 | Change |
| | Balance | Balance | |
| General Allowance for Loan Losses | **¥ 45,440** | ¥ 56,055 | ¥ (10,614) |

### (2) Specific allowance for loan losses (breakdown by region, industry sector)

| As of March 31 | Millions of Yen | | |
|---|---|---|---|
| | 2015 | 2014 | Change |
| | Balance | Balance | |
| Japan | ¥ 17,580 | ¥ 23,828 | ¥ (6,247) |
| Outside Japan | 3,976 | 4,206 | (230) |
| Total for Regions | ¥ 21,557 | ¥ 28,034 | ¥ (6,477) |
| | | | |
| Manufacturing | 2,308 | 2,144 | 163 |
| Agriculture and Forestry | — | — | — |
| Fisheries | — | — | — |
| Mining and Quarrying of Stones and Gravel | — | — | — |
| Construction | 47 | 172 | (124) |
| Electricity, Gas, Heat Supply and Water | — | — | — |
| Information and Communication | 10 | 27 | (16) |
| Transport and Postal Activities | 3,631 | 184 | 3,446 |
| Wholesale and Retail Trade | 1,395 | 584 | 810 |
| Finance and Insurance | 266 | 324 | (58) |
| Real Estate | 410 | 1,112 | (701) |
| Goods Rental and Leasing | — | — | — |
| Local Public Bodies | — | — | — |
| Individuals | 1,407 | 2,057 | (650) |
| Others | 12,080 | 21,426 | (9,346) |
| Total for Industry Sectors | ¥ 21,557 | ¥ 28,034 | ¥ (6,477) |

Note: "Others" in the industry sectors include non-residents and state public services.

### (3) Allowance for loan losses from specified foreign country borrowers

Not applicable as of the end of March 2015 and the end of March 2014.

## Amounts of Written-off Loans by Industry Sector

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Manufacturing | ¥ 64 | ¥ 4 |
| Agriculture and Forestry | — | — |
| Fisheries | — | — |
| Mining and Quarrying of Stones and Gravel | — | — |
| Construction | — | 3 |
| Electricity, Gas, Heat Supply and Water | — | — |
| Information and Communication | 1 | — |
| Transport and Postal Activities | — | 2 |
| Wholesale and Retail Trade | — | 13 |
| Finance and Insurance | — | — |
| Real Estate | 10 | 4 |
| Goods Rental and Leasing | — | — |
| Local Public Bodies | — | — |
| Individuals | 67 | 4 |
| Others | 29 | 183 |
| Total for Industry Sectors | ¥ 173 | ¥ 215 |

Note: "Others" in the industry sectors include non-residents and state public services.

## Balance of Exposures to which the Standardized Approach is Applied by Risk-Weight Category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| As of March 31 | | Subject to Rating | | Subject to Rating |
| Balance of Exposures to which the Standardized Approach is Applied after Allowing for the Credit Risk Mitigation Effect by Risk-Weight Category | ¥ 204,258 | ¥ — | ¥ 404,363 | ¥ — |
| 0% | — | — | — | — |
| 10% | — | — | — | — |
| 20% | 2,957 | — | 5,503 | — |
| 35% | — | — | — | — |
| 50% | — | — | — | — |
| 75% | — | — | — | — |
| 100% | 201,301 | — | 398,859 | — |
| 150% | — | — | — | — |
| Amounts of exposures with 1,250% risk-weight applied | — | | — | |

## Exposures to which the IRB Approach is Applied

| | | Millions of Yen | |
|---|---|---|---|
| As of March 31 | | 2015 | 2014 |
| Specialized Lending under the Slotting Criteria | | ¥ 2,443,821 | ¥ 2,149,860 |
| High-Volatility Commercial Real Estate Exposures | | 152,750 | 110,725 |
| Maturities of 2.5 Years or Longer | | 106,994 | 84,621 |
| Strong | 95% | 5,648 | 14,210 |
| Good | 120% | 61,119 | 42,849 |
| Satisfactory | 140% | 40,226 | 27,562 |
| Weak | 250% | — | — |
| Default | 0% | — | — |
| Maturities of Less than 2.5 Years | | 45,755 | 26,103 |
| Strong | 70% | 14,098 | — |
| Good | 95% | 28,200 | 18,033 |
| Satisfactory | 140% | 3,456 | 788 |
| Weak | 250% | — | — |
| Default | 0% | — | 7,281 |
| Other Exposures | | ¥ 2,291,071 | ¥ 2,039,135 |
| Maturities of 2.5 Years or Longer | | 1,992,963 | 1,756,015 |
| Strong | 70% | 801,559 | 750,552 |
| Good | 90% | 721,989 | 721,668 |
| Satisfactory | 115% | 437,870 | 227,782 |
| Weak | 250% | 19,747 | 44,412 |
| Default | 0% | 11,796 | 11,599 |
| Maturities of Less than 2.5 Years | | 298,108 | 283,120 |
| Strong | 50% | 108,348 | 93,265 |
| Good | 70% | 115,922 | 88,229 |
| Satisfactory | 115% | 63,671 | 89,792 |
| Weak | 250% | 6,401 | 11,624 |
| Default | 0% | 3,764 | 207 |
| Equity Exposures to which the Simple Risk-Weight Method of the Market-based Approach is Applied | | ¥ 56,759 | ¥ 70,033 |
| 300% | | 22,627 | 40,392 |
| 400% | | 34,132 | 29,640 |

## Portfolios to which the IRB Approach is Applied

### (1) Corporate exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items | Undrawn Commitments | CCF |
| Ordinary Assets (Seijo-Saki) | 0.36% | 33.97% | | 37.87% | ¥ 12,905,015 | ¥ 2,654,524 | ¥ 2,086,366 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 10.84% | 29.57% | | 128.96% | 254,715 | 29,188 | 11,179 | 75.00% |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 32.43% | 30.45% | 35.66% | 150,489 | 19,271 | 160 | 75.00% |
| Total | 1.60% | 33.87% | | 39.46% | ¥ 13,310,220 | ¥ 2,702,984 | ¥ 2,097,706 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.36% | 44.65% | 49.64% | ¥ 11,707,749 | ¥ 2,079,794 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.87% | 43.13% | 184.14% | 364,097 | 17,848 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 43.44% | | 186,348 | 24,441 |
| Total | 2.04% | 44.59% | 52.48% | ¥ 12,258,196 | ¥ 2,122,084 |

### (2) Sovereign exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items | Undrawn Commitments | CCF |
| Ordinary Assets (Seijo-Saki) | 0.02% | 43.10% | | 2.28% | ¥ 9,992,188 | ¥ 194,002 | ¥ 11,542 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.02% | 43.10% | | 2.28% | ¥ 9,992,188 | ¥ 194,002 | ¥ 11,542 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value: On-balance Sheet Asset Items | EAD Value: Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.01% | 44.91% | 2.89% | ¥ 8,982,579 | ¥ 76,376 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.39% | 45.00% | 173.02% | 120 | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.01% | 44.91% | 2.90% | ¥ 8,982,699 | ¥ 76,376 |

### (3) Financial Institution exposures

| As of March 31 | Millions of Yen 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Ordinary Assets (Seijo-Saki) | 0.12% | 42.79% | | 30.64% | ¥1,825,449 | ¥ 578,383 | ¥ 129,159 | 75.00% |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | — | — | — | — | — | — |
| Total | 0.12% | 42.79% | | 30.64% | ¥1,825,449 | ¥ 578,383 | ¥ 129,159 | 75.00% |

| As of March 31 | Millions of Yen 2014 | | | | |
|---|---|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of Risk-Weight | EAD Value | |
| | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items |
| Ordinary Assets (Seijo-Saki) | 0.10% | 44.61% | 26.72% | ¥ 1,663,344 | ¥ 529,827 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | — | — | — | — | — |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | — | — | | — | — |
| Total | 0.10% | 44.61% | 26.72% | ¥ 1,663,344 | ¥ 529,827 |

### (4) Equity exposures under the PD/LGD Approach

| As of March 31 | Millions of Yen 2015 | | |
|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
| Ordinary Assets (Seijo-Saki) | 0.20% | 135.87% | ¥ 1,600,817 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 8.05% | 512.88% | 3,660 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 760 |
| Total | 0.26% | 137.23% | ¥ 1,605,238 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

| As of March 31 | Millions of Yen 2014 | | |
|---|---|---|---|
| | Weighted Average of PD Value | Weighted Average of Risk-Weight | Balance |
| Ordinary Assets (Seijo-Saki) | 0.24% | 145.92% | ¥ 327,872 |
| Assets to Special Mention Debtors (Yo-Chui-Saki) (Not Including Assets to Substandard Debtors) | 6.48% | 487.80% | 128 |
| Substandard Debtors (Yo-Kanri-Saki) or Worse | 100.00% | 1,192.50% | 74 |
| Total | 0.26% | 146.29% | ¥ 328,075 |

Note: Weighted average of risk-weight include the amounts obtained by multiplying the expected loss amounts by 1,250% risk-weight.

## (5) Residential mortgage exposures, qualifying revolving retail exposures, and other retail exposures

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.22% | 24.31% | | 10.72% | ¥ 6,840,582 | ¥ 37,789 | ¥ 1,090 | 100.00% |
| Overdue | 22.97% | 24.79% | | 148.77% | 73,175 | 101 | 10 | 100.00% |
| Default | 100.00% | 25.63% | 19.69% | 78.70% | 34,211 | 73 | — | — |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.61% | 69.61% | | 16.27% | 7,028 | 14,259 | 47,623 | 29.94% |
| Overdue | 26.94% | 69.45% | | 213.47% | 314 | 136 | 457 | 29.94% |
| Default | 100.00% | 69.61% | 65.13% | 59.39% | 60 | 37 | 124 | 29.94% |
| Other Retail (consumer) | | | | | | | | |
| Current | 1.00% | 32.56% | | 32.18% | 63,935 | 15,112 | 41,602 | 35.49% |
| Overdue | 27.91% | 31.05% | | 82.54% | 999 | 90 | 226 | 35.20% |
| Default | 100.00% | 32.15% | 26.46% | 75.39% | 1,655 | 499 | 234 | 35.09% |
| Other Retail (commercial) | | | | | | | | |
| Current | 0.68% | 24.84% | | 22.33% | 169,886 | 1,893 | 90 | 100.00% |
| Overdue | 24.28% | 24.84% | | 63.17% | 1,304 | 54 | 25 | 100.00% |
| Default | 100.00% | 33.09% | 29.56% | 46.75% | 8,143 | 336 | 30 | 100.00% |
| Total | 1.10% | 24.57% | | 13.05% | ¥ 7,201,297 | ¥ 70,385 | ¥ 91,516 | 33.44% |

| As of March 31 | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | | | | |
| | Weighted Average of PD Value | Weighted Average of LGD Value | Weighted Average of EL_default | Weighted Average of Risk-Weight | EAD Value | | Undrawn Commitments | CCF |
| | | | | | On-balance Sheet Asset Items | Off-balance Sheet Asset Items | | |
| Residential Mortgage | | | | | | | | |
| Current | 0.21% | 30.56% | | 12.09% | ¥ 6,665,815 | ¥ 45,405 | ¥ 2,614 | 100.00% |
| Overdue | 22.93% | 31.30% | | 176.05% | 74,495 | 134 | 32 | 100.00% |
| Default | 100.00% | 32.29% | 27.72% | 57.07% | 37,588 | 79 | 10 | 100.00% |
| Qualifying Revolving Retail | | | | | | | | |
| Current | 0.64% | 68.98% | | 16.01% | 8,025 | 14,877 | 51,115 | 29.11% |
| Overdue | 27.03% | 68.77% | | 198.88% | 365 | 143 | 492 | 29.11% |
| Default | 100.00% | 68.88% | 65.64% | 40.58% | 81 | 31 | 107 | 29.11% |
| Other Retail (consumer) | | | | | | | | |
| Current | 1.03% | 35.75% | | 33.95% | 77,820 | 15,211 | 45,012 | 32.86% |
| Overdue | 27.46% | 36.29% | | 90.55% | 1,107 | 118 | 191 | 32.37% |
| Default | 100.00% | 34.89% | 29.95% | 61.82% | 2,183 | 551 | 247 | 32.13% |
| Other Retail (commercial) | | | | | | | | |
| Current | 0.66% | 30.44% | | 25.41% | 165,288 | 2,733 | 220 | 100.00% |
| Overdue | 22.99% | 30.44% | | 71.63% | 2,231 | 144 | — | — |
| Default | 100.00% | 46.70% | 42.78% | 49.04% | 10,564 | 346 | 22 | 100.00% |
| Total | 1.20% | 30.80% | | 14.78% | ¥ 7,045,567 | ¥ 79,777 | ¥ 100,066 | 32.86% |

## Actual Credit Losses in the Current Period and Year-on-Year Change for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | | Change in Actual Credit Losses |
| Years Ended March 31 | Actual Credit Losses | Provisions | Reversals | Actual Credit Losses | Provisions | Reversals | |
| Corporate Exposures | ¥ (4,750) | ¥ 14,833 | ¥ (19,584) | ¥ (7,351) | ¥ 7,487 | ¥ (14,838) | ¥ 2,600 |
| Sovereign Exposures | (3) | — | (3) | (4) | — | (4) | 0 |
| Financial Institution Exposures | — | — | — | (23) | — | (23) | 23 |
| Retail Exposures | 633 | 1,547 | (913) | 414 | 897 | (483) | 219 |

Note: Of total credit costs, only those that can be identified as stemming from specified asset classes are shown in the table.

### Factor Analysis

Actual credit losses in FY2014 increased by ¥2.8 billion year on year.

This was mainly due to the posting of allowances for loan losses attendant with deterioration in the credit status of obligors in our corporate exposures.

## Estimated Credit Losses and Comparable Actual Credit Losses for Portfolios to which the IRB Approach is Applied

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (4,750) | ¥ 161,168 |
| Sovereign Exposures | (3) | 350 |
| Financial Institution Exposures | — | 973 |
| Retail Exposures | 633 | 26,866 |

Notes: 1. Estimated credit losses for fiscal year 2013 are the expected loss amount as of March 31, 2014.
2. Actual credit losses for fiscal year 2014 are the sum of the losses for the most recent one-year period ended March 31, 2015.

| | Millions of Yen | |
|---|---|---|
| | 2014 | 2013 |
| Years Ended March 31 | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (7,351) | ¥ 203,236 |
| Sovereign Exposures | (4) | 473 |
| Financial Institution Exposures | (23) | 813 |
| Retail Exposures | 414 | 23,764 |

Notes: 1. Estimated credit losses for fiscal year 2012 are the expected loss amount as of March 31, 2013.
2. Actual credit losses for fiscal year 2013 are the sum of the losses for the most recent one-year period ended March 31, 2014.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2013 | 2012 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ (2,417) | ¥ 188,708 |
| Sovereign Exposures | (10) | 316 |
| Financial Institution Exposures | (1) | 1,032 |
| Retail Exposures | 146 | 29,918 |

Notes: 1. Estimated credit losses for fiscal year 2011 are the expected loss amount as of March 31, 2012.
2. Actual credit losses for fiscal year 2012 are the sum of the losses for the most recent one-year period ended March 31, 2013.

| Years Ended March 31 | Millions of Yen | |
|---|---|---|
| | 2012 | 2011 |
| | Actual Credit Losses | Estimated Credit Losses |
| Corporate Exposures | ¥ 16,662 | ¥ 194,561 |
| Sovereign Exposures | 4,749 | 230 |
| Financial Institution Exposures | (135) | 3,395 |
| Retail Exposures | 1,354 | 31,264 |

Notes: 1. Estimated credit losses for fiscal year 2010 are the expected loss amount as of March 31, 2011.
2. Actual credit losses for fiscal year 2011 are the sum of the losses for the most recent one-year period ended March 31, 2012.

## Credit Risk Mitigation Techniques

Non-consolidated

### Amounts of Exposures to which Credit Risk Mitigation Techniques are Applied

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ — | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,506,453 | 160,363 | 287,516 | — |
| Corporate Exposures | 311,080 | 154,853 | 180,466 | — |
| Sovereign Exposures | 14,010 | 5,510 | 107,050 | — |
| Financial Institution Exposures | 1,181,362 | — | — | — |
| Retail Exposures | — | — | — | — |

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Eligible Financial Collateral | Other Eligible Collateral | Guarantees | Credit Derivatives |
| Portfolios to which the Standardized Approach is Applied | ¥ — | ¥ — | ¥ — | ¥ — |
| Portfolios to which the IRB Approach is Applied | 1,952,225 | 548,979 | 425,344 | — |
| Corporate Exposures | 453,236 | 538,682 | 225,918 | — |
| Sovereign Exposures | 16,892 | 10,296 | 199,426 | — |
| Financial Institution Exposures | 1,482,096 | — | — | — |
| Retail Exposures | — | — | — | — |

## Counterparty Risk in Derivative and Long-term Settlement Transactions

Non-consolidated

### Derivative Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | **¥ 2,351,076** | ¥ 1,945,847 |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | **913,691** | 721,841 |
| Foreign Exchange Related | **1,008,952** | 564,239 |
| Interest Rate Related | **2,217,264** | 2,195,394 |
| Credit Derivatives | **16,320** | 7,215 |
| Others | **—** | — |
| Effect of Mitigating Credit Equivalents Due to Close-out Netting Contracts (Deduction) | **2,328,845** | 2,045,008 |
| Amounts of Collateral | **84,438** | 134,936 |
| Deposits | **33,993** | 107,898 |
| Securities | **50,444** | 27,037 |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | **829,253** | 586,904 |
| Notional Principal Amounts of Credit Derivatives Subject to the Calculation of Credit Equivalents | **105,647** | 67,006 |
| Purchasing Protection by Credit Default Swaps | **53,866** | 42,206 |
| Providing Protection by Credit Default Swaps | **51,780** | 24,800 |
| Notional Principal Amounts of Credit Derivatives Used to Allow for the Effect of Credit Risk Mitigation Technique | **—** | — |

Note: Credit equivalents are calculated with the current exposure approach.

### Long-term Settlement Transactions

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Amounts of Gross Reconstruction Costs (limited only to those not below zero) | ¥ — | ¥ — |
| Credit Equivalents Before Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |
| Amounts of Collateral | — | — |
| Credit Equivalents After Effect of Mitigation by Collateral under the Credit Risk Mitigation Technique | — | 196 |

Note: Credit equivalents are calculated with the current exposure approach.

## Securitization Exposures

Non-consolidated

### Securitization Exposures Originated by SuMi TRUST Bank

**Fiscal Year 2014**

Subject to the Calculation of Credit Risk-Weighted Assets

**(1) Outline of securitizations during fiscal year 2014, type and status of principal underlying assets**

| | | |
|---|---|---|
| Date of Securitization: | | January 2015 |
| Type of Underlying Assets: | | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,883 million |
| | as of March 31, 2015 | ¥ 43,901 million |
| Initial Issue Amount: | | ¥ 44,883 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,883 million (no rating) |
| Date of Redemption: | | August 2055 |

The SuMi TRUST Bank holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

**(2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type**

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2015 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥ 99,703 | ¥ — | ¥ 367,080 | ¥ 367,080 | ¥ — |
| Residential Mortgage Loans | 99,703 | — | 367,080 | 367,080 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥ 99,703 | ¥ — | ¥ 367,080 | ¥ 367,080 | ¥ — |

**(3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets**

| | Millions of Yen | |
|---|---|---|
| | 2015 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 330 | ¥ 91 |
| Others | — | — |
| Total | ¥ 330 | ¥ 91 |

**(4) Amounts of assets held for the purpose of securitization transactions and breakdown of principal assets by type**

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen 2015 Balance On-balance Sheet Transactions | Balance Off-balance Sheet Transactions | Required Capital On-balance Sheet Transactions | Required Capital Off-balance Sheet Transactions |
|---|---|---|---|---|
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 99,703 | ¥ — | ¥ 7,515 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 87,246 | — | 2,888 | — |
| 50% to Less than 100% | 8,437 | — | 365 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,019 | — | 4,260 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 99,703 | ¥ — | ¥ 7,515 | ¥ — |

### (6) Amounts equivalent to the increase in capital following securitization and breakdown by type of principal underlying assets

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 6,274 |
| Others | — |
| Total | ¥ 6,274 |

### (7) Amounts of securitization exposures by type of principal underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ 4,019 |
| Others | — |
| Total | ¥ 4,019 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2014 and breakdown by type of principal underlying assets

| | Millions of Yen |
|---|---|
| As of March 31 | 2015 |
| Residential Mortgage Loans | ¥ 467 |
| Others | — |
| Total | ¥ 467 |

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Outline of securitizations during fiscal year 2013, type and status of principal underlying assets

| | | | |
|---|---|---|---|
| Date of Securitization: | | September 2013 | February 2014 |
| Type of Underlying Assets: | | Residential Mortgage Loans | Residential Mortgage Loans |
| Type of Transaction: | | Asset transfer-type securitization transaction | Asset transfer-type securitization transaction |
| Aggregate Sum of Underlying Assets: | at the time of securitization | ¥ 44,938 million | ¥ 33,596 million |
| | as of March 31, 2014 | ¥ 42,758 million | ¥ 32,949 million |
| Initial Issue Amount: | | ¥ 44,938 million | ¥ 33,596 million |
| Preferred Beneficiary Notes | | ¥ 40,000 million (AAA/R&I) | ¥ 30,000 million (AAA/R&I) |
| Subordinated Beneficiary Notes | | ¥ 4,938 million (no rating) | ¥ 3,596 million (no rating) |
| Date of Redemption: | | April 2054 | August 2054 |

The SuMi TRUST Bank holds part of the exposures related to these securitization transactions, and quantitative data in (2)-(11) below include data related to these securitization transactions.

### (2) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | 2014 | | | | |
| | Exposure Amounts | | Aggregate Sum of Underlying Assets | | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | | Asset Transfer-Type Securitization Transactions | Synthetic Securitization Transaction |
| Securitization Exposures except Resecuritization Exposures | ¥ 96,273 | ¥ — | ¥ 374,188 | ¥ 374,188 | ¥ — |
| Residential Mortgage Loans | 96,273 | — | 374,188 | 374,188 | — |
| Others | — | — | — | — | — |
| Resecuritization Exposures | — | — | — | — | — |
| Total | ¥ 96,273 | ¥ — | ¥ 374,188 | ¥ 374,188 | ¥ — |

### (3) Cumulative total of underlying assets overdue for three months or longer or in default related to securitization exposures held, cumulative total of losses, and breakdown by type of main principal underlying assets

| | Millions of Yen | |
|---|---|---|
| | 2014 | |
| Years Ended March 31 | Cumulative Total of Underlying Assets Overdue for Three Months or Longer or in Default | Cumulative Total Losses |
| Residential Mortgage Loans | ¥ 2,781 | ¥ 141 |
| Others | — | — |
| Total | ¥ 2,781 | ¥ 141 |

### (4) Amounts of assets held for the purpose of securitization transactions and breakdown of main principal assets by type

Not applicable.

### (5) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Balance | | Required Capital | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 96,273 | ¥ — | ¥ 8,673 | ¥ — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 9,784 | — | 342 | — |
| 50% to Less than 100% | 82,264 | — | 3,852 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | 4,224 | — | 4,478 | — |
| Resecuritization Exposures (IRB Approach) | — | — | — | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | — | — | — | — |
| 50% to Less than 100% | — | — | — | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 96,273 | ¥ — | ¥ 8,673 | ¥ — |

### (6) Amounts equivalent to the increase in capital following securitization and breakdown by type of main principal underlying assets

| As of March 31 | Millions of Yen |
|---|---|
| | 2014 |
| Residential Mortgage Loans | ¥ 7,618 |
| Others | — |
| Total | ¥ 7,618 |

(7) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 4,224 |
| Others | — |
| Total | ¥ 4,224 |

(8) Items by type of principal underlying assets of securitization exposures with early redemption clauses

Not applicable.

(9) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(10) Amounts of gains/losses on sale following securitization transactions recognized during fiscal year 2013 and breakdown by type of principal underlying assets

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ 935 |
| Others | — |
| Total | ¥ 935 |

(11) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

## Securitization Exposures Purchased by SuMi TRUST Bank

**Fiscal Year 2014**

**Subject to the Calculation of Credit Risk-Weighted Assets**

### (1) Amounts of securitization exposures held and breakdown of main principal underlying assets by type

| As of March 31 | Millions of Yen | |
|---|---|---|
| | 2015 | |
| | Exposure Amounts | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures | ¥ 440,508 | ¥ 72,925 |
| Residential Mortgage Loans | 114,919 | 14,180 |
| Credit Card Loans | 419 | — |
| Claims on Lease Payments, Installment Receivables | 17,284 | 53,048 |
| Commercial Real Estate-Secured Loans | — | — |
| Other Claims on Corporates | 307,885 | 5,695 |
| Resecuritization Exposures | 24,120 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 6,378 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 17,742 | — |
| Total | ¥ 464,629 | ¥ 72,925 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| As of March 31 | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | | |
| | Balance | | Required Capital | |
| | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 440,508 | ¥ 72,925 | ¥ 3,636 | ¥ 544 |
| Less than 20% | 423,158 | 66,479 | 2,711 | 394 |
| 20% to Less than 50% | 7,946 | 6,445 | 165 | 149 |
| 50% to Less than 100% | 8,394 | — | 396 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | 1,009 | — | 363 | — |
| 1,250% | — | — | — | — |
| Resecuritization Exposures (IRB Approach) | 24,120 | — | 492 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 23,291 | — | 446 | — |
| 50% to Less than 100% | 829 | — | 45 | — |
| 100% to Less than 350% | — | — | — | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 464,629 | ¥ 72,925 | ¥ 4,129 | ¥ 544 |

(3) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| As of March 31 | Millions of Yen 2015 |
|---|---|
| Residential Mortgage Loans | ¥ — |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | — |
| Other Claims on Corporates | — |
| Total | ¥ — |

(4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

(5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

**Subject to the Calculation of Market Risk Assets**

Not applicable.

**Fiscal Year 2013**

Subject to the Calculation of Credit Risk-Weighted Assets

(1) Amounts of securitization exposures held and breakdown of principal underlying assets by type

| As of March 31 | Millions of Yen 2014 Exposure Amounts On-balance Sheet Transactions | Off-balance Sheet Transactions |
|---|---|---|
| Securitization Exposures except Resecuritization Exposures | ¥ 297,031 | ¥ 57,835 |
| Residential Mortgage Loans | 115,785 | 749 |
| Credit Card Loans | 3,373 | — |
| Claims on Lease Payments, Installment Receivables | 16,035 | 45,951 |
| Commercial Real Estate-Secured Loans | — | 2,450 |
| Other Claims on Corporates | 161,837 | 8,684 |
| Resecuritization Exposures | 29,448 | — |
| Securitization Exposures to Residential Mortgage Loans and Residential Mortgage Loans as Underlying Assets | 9,138 | — |
| Securitization Exposures to Commercial Real Estate Secured Loans and Commercial Real Estate Secured Loans as Underlying Assets | — | — |
| Securitization Exposures to Other Claims on Corporates and Other Claims on Corporates as Underlying Assets | 20,309 | — |
| Total | ¥ 326,479 | ¥ 57,835 |

### (2) Balance and amounts of required capital of securitization exposures held by risk-weight category

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2014 | | | |
| | Balance | | Required Capital | |
| As of March 31 | On-balance Sheet Transactions | Off-balance Sheet Transactions | On-balance Sheet Transactions | Off-balance Sheet Transactions |
| Securitization Exposures except Resecuritization Exposures (IRB Approach) | ¥ 297,031 | ¥ 57,835 | ¥ 3,363 | ¥ 1,461 |
| Less than 20% | 276,434 | 45,951 | 1,849 | 272 |
| 20% to Less than 50% | 4,550 | 3,049 | 77 | 65 |
| 50% to Less than 100% | 12,452 | — | 610 | — |
| 100% to Less than 350% | 2,130 | 8,684 | 289 | 964 |
| 350% to Less than 1,250% | 1,449 | — | 522 | — |
| 1,250% | 13 | 150 | 14 | 159 |
| Resecuritization Exposures (IRB Approach) | 29,448 | — | 630 | — |
| Less than 20% | — | — | — | — |
| 20% to Less than 50% | 27,969 | — | 531 | — |
| 50% to Less than 100% | 621 | — | 26 | — |
| 100% to Less than 350% | 857 | — | 72 | — |
| 350% to Less than 1,250% | — | — | — | — |
| 1,250% | — | — | — | — |
| Total | ¥ 326,479 | ¥ 57,835 | ¥ 3,994 | ¥ 1,461 |

### (3) Amounts of securitization exposures by type of underlying assets risk-weighted at 1,250% under provisions of the Notification, Article 247

| | Millions of Yen |
|---|---|
| As of March 31 | 2014 |
| Residential Mortgage Loans | ¥ — |
| Credit Card Loans | — |
| Claims on Lease Payments, Installment Receivables | — |
| Commercial Real Estate-Secured Loans | 150 |
| Other Claims on Corporates | 13 |
| Total | ¥ 163 |

### (4) Application of credit risk mitigation techniques to resecuritization exposures held

Not applicable.

### (5) Amounts of credit risk-weighted assets calculated with the application of transitional measures with respect to securitization exposures

Not applicable.

## Subject to the Calculation of Market Risk Assets

Not applicable.

## Market Risk

Non-consolidated

### (1) Value at Risk (VaR) as of the end of period and maximum, mean, and minimum VaR for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| VaR in Banking Account | ¥ 745.8 | ¥ 797.3 | ¥ 572.7 | ¥ 691.0 | ¥ 777.6 | ¥ 914.5 | ¥ 760.6 | ¥ 833.9 |
| VaR in Trading Account | 4.2 | 6.0 | 1.9 | 3.6 | 2.9 | 5.0 | 1.4 | 3.1 |

VaR Measurement Standards

Banking account Confidence interval: one-tailed 99% Holding period: 21 business days to 1 year Observation period: 1 year
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year

### (2) Term-end Stressed Value at Risk and maximum, mean and minimum of Stressed Value at Risk for the period

| | Billions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2015 | Fiscal Year 2014 | | | As of March 31, 2014 | Fiscal Year 2013 | | |
| | | Maximum | Minimum | Mean | | Maximum | Minimum | Mean |
| Stressed VaR in Trading Account | ¥ 4.8 [1.5] | ¥ 14.7 [4.6] | ¥ 2.6 [0.8] | ¥ 5.8 [1.8] | ¥ 6.9 [2.2] | ¥ 14.7 [4.7] | ¥ 2.7 [0.8] | ¥ 5.9 [1.8] |

Stressed VaR Measurement Standards

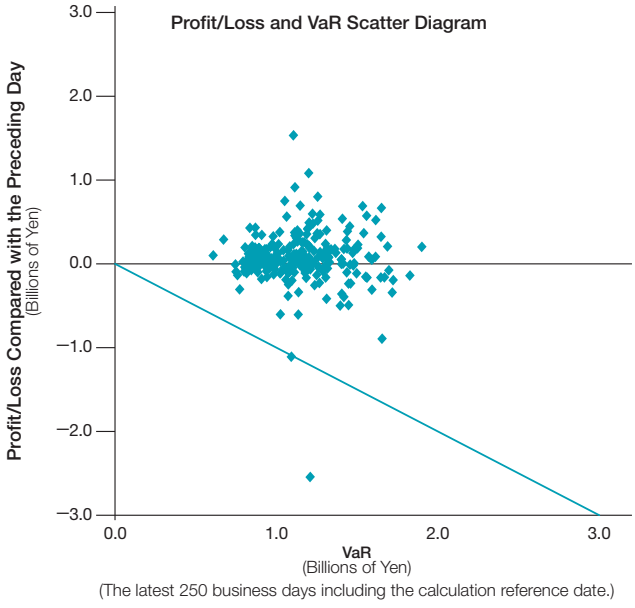
Trading account Confidence interval: one-tailed 99% Holding period: 10 business days Observation period: 1 year
The figures inside the square brackets above denote stress VAR in a case where the holding period is one business day.

### (3) The amounts of required capital related to term-end incremental risk and comprehensive risk, and maximum, mean and minimum amounts of required capital related to incremental risk and comprehensive risk for the period

Not applicable in the fiscal year ended March 31, 2014 and in the fiscal year ended March 31, 2015.

### (4) Results of back testing and reasons for large downward deviations between actual losses and VaR

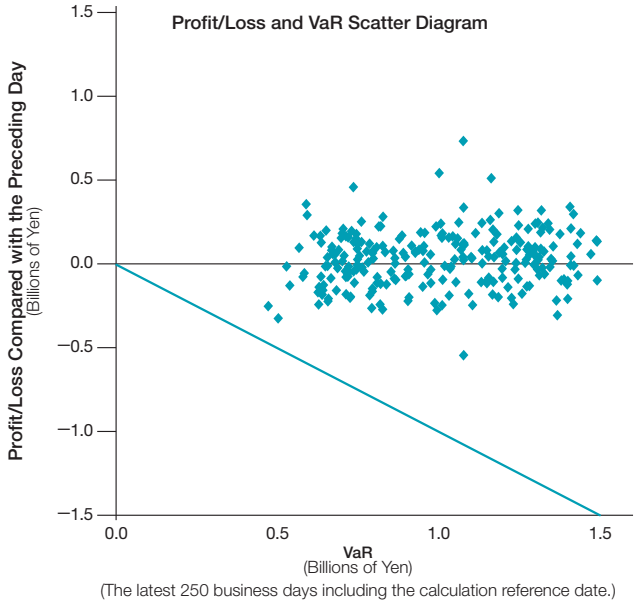
• Back testing of the trading account
Fiscal Year 2014




(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2014 back testing of the trading accounts shows two instances of losses in excess of VaR.

• Back testing of the trading account
Fiscal Year 2013




(The latest 250 business days including the calculation reference date.)

Note: As shown above, for fiscal year 2013 back testing of the trading accounts shows zero instances of losses in excess of VaR.

## Capital Subscriptions or Equity Exposures in the Banking Account

Non-consolidated

| | Millions of Yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | | | 2014 | | | |
| As of March 31 | Book Value | | Fair Value | | Book Value | | Fair Value | |
| Book and Fair Values*1 | | | | | | | | |
| Listed Shares Exposures | ¥ 1,449,779 | | ¥ 1,449,779 | | ¥ 1,106,756 | | ¥ 1,106,756 | |
| Capital Subscriptions or Equity Exposures Other than Above | 92,309 | | 92,309 | | 98,711 | | 98,711 | |
| Amounts of Gains/Losses on Sales and Write-offs | Gains/Losses | Gains | Losses | Write-offs | Gains/Losses | Gains | Losses | Write-offs |
| of Capital Subscriptions or Equity Exposures*2 | 2,073 | 40,281 | 36,150 | 2,057 | (2,203) | 57,056 | 52,524 | 6,735 |
| Amounts of Unrealized Gains/Losses Recognized in the Balance Sheets and not Recognized in the Statements of Income | 764,201 | | | | 407,020 | | | |
| Amounts of Unrealized Gains/Losses not Recognized in the Balance Sheets and Statements of Income | Not applicable | | | | Not applicable | | | |

*1. Figures for available-for-sale securities include only Japanese and foreign stocks.
*2. Statements of income show gains/losses on stockholdings and related write-offs.

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Amounts by Portfolio Category | **¥ 1,661,968** | ¥ 1,364,300 |
| Transitional Measures*2 | **—** | 966,192 |
| Portfolios Adopting the Market-based Approach | **56,759** | 70,033 |
| Portfolios Adopting the PD/LGD Approach | **1,605,208** | 328,075 |

Notes: 1. Amounts by portfolio category show exposures subject to the calculation of credit risk-weighted assets.
2. Not applicable in fiscal 2014 (ended March 31, 2015) due to the end of transitory arrangements.

## Exposures Held in Funds as Credit Risk-Weighted Assets

Non-consolidated

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Aggregate Sum of Exposures Held in Funds | **¥ 1,223,727** | ¥ 1,016,713 |
| Look-through Approach | **1,111,541** | 915,229 |
| Simple Majority Formula | **47,619** | 42,502 |
| Investment Criteria Formula | **34,102** | 35,388 |
| Internal Model Approach | **—** | — |
| Probability Approach | **29,796** | 22,873 |
| Others | **667** | 720 |

Note: Exposures subject to the calculation of credit risk-weighted assets are shown.

## Gains/Losses and Changes in Economic Value Due to Interest Rate Shocks under Internal Control Management Used by SuMi TRUST Bank Regarding Interest Rate Risk in the Banking Account

Non-consolidated

• Outlier ratios

| As of March 31 | Millions of Yen 2015 | 2014 |
|---|---|---|
| Overall Amounts of Interest Rate Risk | **¥ 83,159** | ¥ 161,457 |
| Japanese Yen Interest Rates | **66,736** | 48,026 |
| U.S. Dollar Interest Rates | **13,707** | 109,664 |
| Other Interest Rates | **2,715** | 3,765 |
| Outlier Ratios | **3.1%** | 6.2% |

Note: The above table indicates figures calculated by individual banks in accordance with the outlier standard specified by the "Comprehensive Guidelines for Supervision of Major Banks, etc." and based on the following assumptions:
- Risk measurement method: Interest rate sensitivity approach
- Interest rate fluctuation scenario: An interest rate shock consisting of the 1st and 99th percentile of the fluctuation of interest rates measured for the one-year holding period and a minimum observation period of five years.
- Definition of the core deposits: The lowest of the following three is the upper limit on the core deposit amount (No.3 is adopted) and the maturity is five years (an average remaining term of 2.5 years): 1) The lowest balance of deposits in the past five years, 2) the balance left after deducting the maximum annual outflow of deposits in the past five years from the current balance of deposits, or 3) the amount equivalent to 50% of the current balance of deposits.

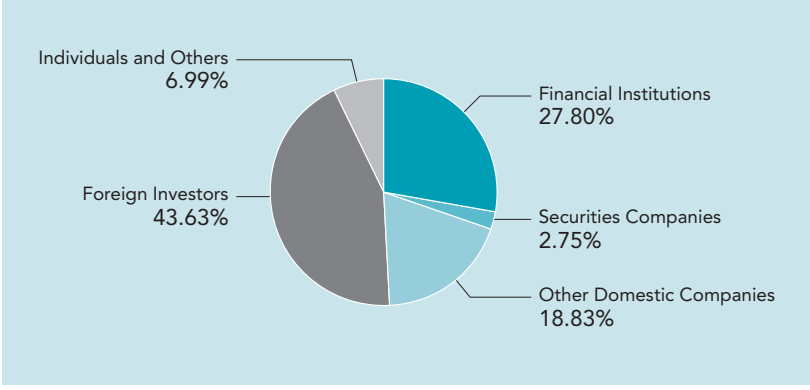
# Stock Information (as of March 31, 2015)

## Major Shareholders (Common Shares)

| Shareholder Name | Number of Shares Held (Shares) | Shareholding Ratio (%) |
|---|---|---|
| 1 Japan Trustee Services Bank, Ltd. (Trust Account) | 189,868,000 | 4.91 |
| 2 The Master Trust Bank of Japan, Ltd. (Trust Account) | 163,628,000 | 4.23 |
| 3 State Street Bank and Trust Company | 80,497,666 | 2.08 |
| 4 Japan Trustee Services Bank, Ltd. (Trust Account 9) | 65,007,000 | 1.68 |
| 5 The Bank of New York Mellon SA/NV 10 | 56,225,691 | 1.45 |
| 6 State Street Bank and Trust Company 505225 | 50,327,115 | 1.30 |
| 7 State Street Bank West Client - Treaty 505234 | 46,623,012 | 1.20 |
| 8 Japan Trustee Services Bank, Ltd. (Trust Account 5) | 45,405,000 | 1.17 |
| 9 Japan Trustee Services Bank, Ltd. (Trust Account 1) | 45,139,000 | 1.16 |
| 9 Japan Trustee Services Bank, Ltd. (Trust Account 6) | 45,139,000 | 1.16 |

(Note) The shareholding ratio is calculated by excluding the treasury stock and rounded down to second decimal places.

## Composition of Shareholders (Common Shares)




## ADR (American Depositary Receipt) Information

| | |
|---|---|
| ADR: | Underlying Share Ratio 1:1 |
| Exchange: | OTC (Over-the-Counter) |
| Symbol: | SUTNY |
| CUSIP: | 86562X106 |
| Level of Program: | Level I |
| Depositary: | The Bank of New York Mellon Depositary Receipts Division<br>101 Barclay Street, 22nd Floor, New York, NY 10286, U.S.A.<br>Telephone: 1 (201) 680-6825<br>U.S. toll free: 888-269-2377 (888-BNY-ADRS)<br>Facsimile: 1 (212) 571-3050/3051/3052<br>http://www.adrbnymellon.com |

## Other Data

| | |
|---|---|
| Authorized Shares: | |
| Common Shares: | 8,500,000,000 Shares |
| Preferred Shares: | 509,000,000 Shares |
| Number of Shares issued: | |
| Common Shares: | 3,903,486,408 Shares |
| Preferred Shares: | 0 Shares |
| Number of Shareholders: | |
| Common Shares: | 72,811 |
| Preferred Shares: | 0 |

# Disclosure Policy

SuMi TRUST Holdings is fully aware of the importance of its social responsibility and public mission, and constantly seeks to secure unwavering trust from society through sound management based on rigorous self-discipline. For this purpose, we endeavor to ensure appropriate disclosure of corporate information to assure the transparency of our corporate management.

## Attitude toward Disclosure

We not only comply strictly with various laws and rules, such as the Companies Act, the Banking Law and the Financial Instruments and Exchange Act (including the rules for timely disclosure of corporate information, etc., defined by securities exchanges on which our shares are listed), but also endeavor to disclose corporate information that helps our clients, shareholders, and investors better understand the SuMi TRUST Group, under the basic conditions of appropriate timing, accuracy and fairness, and realize highly transparent management.

We do not release personal information, client data or any information, the disclosure of which violates the rights of the parties concerned by such action.

## Disclosure Methods

When disclosing information, we make active use of the Internet, various publications and other media tools to reach the broadest possible number of interested parties, whether clients, shareholders or investors, in or outside Japan, in a timely, accurate and fair manner.

In the disclosure of various materials, we strive to provide easy-to-understand explanations of the main points of SuMi TRUST Group's management policies, business results, finance situation, etc. We explain these main points at our information meetings, etc.

## Establishment of Disclosure System

We maintain and promote the appropriate disclosure system by such means as the establishment of an Information Disclosure Committee to ensure disclosure of SuMi TRUST Group's information in accordance with the above disclosure policy.

# Corporate Information (as of March 31, 2015)

| | |
|---|---|
| **Registered Trade Name:** | Sumitomo Mitsui Trust Holdings, Inc. |
| **Headquarters Location:** | 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan |
| **Date of Establishment:** | February 1, 2002 (Change of trade name: April 1, 2011) |
| **Main Business:** | With trust banking at its core, Sumitomo Mitsui Trust Holdings, Inc., will focus on the management of business operations, as the holding company of Sumitomo Mitsui Trust Group, and sets the following (1) - (6) as its key functions:<br>(1) Formulating group management strategy<br>(2) Monitoring administration of business activities<br>(3) Allocation of management resources<br>(4) Supervising risk management<br>(5) Supervising compliance management<br>(6) Managing internal auditing |
| **Capital:** | 261,608,725,000 Yen |
| **Stock Exchange Listings:** | Tokyo, Nagoya Stock Exchanges<br>Tokyo (1st Section), Nagoya (1st Section) |
| **Securities Code:** | 8309 |

# Rating Information (as of June 30, 2015)

| | | Long-term | Short-term | Financial |
|---|---|---|---|---|
| Sumitomo Mitsui Trust Holdings | JCR | AA- | — | — |
| | R&I | A | — | — |
| Sumitomo Mitsui Trust Bank | S&P | A+ | A-1 | — |
| | Moody's | A1 | P-1 | C |
| | Fitch | A- | F1 | a-* |
| | JCR | AA- | — | — |
| | R&I | A+ | a-1 | — |

* Viability Rating


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SuMi TRUST
SUMITOMO MITSUI TRUST HOLDINGS



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This annual report was printed with vegetable-based ink on FSC-certified paper.